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FINANCIAL TIMES
PUBLISHED IN LONDON AND FRANKFURT
Friday January 19 1979
No. 27,768
***15p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.5; GERMANY DM 2.0; ITALY L 500; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 35; SPAIN Pts 50; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 15p

NEWS SUMMARY

GENERAL

Alert for IRA bomb terror

High risk plants containing potentially explosive materials have been put on major alert, amid signs that the Provisional IRA has launched its most dangerous campaign yet on the British mainland.

This follows Wednesday night's explosions at Canvey Island in the Thames estuary, one of Britain's biggest fuel depots, and at a gas holder in Greenwich. A bomb was defused near Rugby after being found on the hard shoulder of the M6.

Mr. Merlyn Rees, the Home Secretary, warned there could be further attacks and called for public vigilance and co-operation with police.

● The white Opel car, believed to have been used by a Provisional IRA gang in London bombings before Christmas, was found in the Irish Republic. Page 5

Italy ultimatum

Italy's Communist Party has issued an ultimatum threatening to bring down Sig. Giulio Andreotti's minority Government unless the ruling Christian Democrats make major policy changes.

Jerusalem blast

A bomb concealed in a tin can exploded in a crowded Jerusalem market, injuring 21 people. Last June, a terrorist blast in the market killed two Israelis and injured 47.

Peace talks

U.S. mediators were thought to have made modest progress in talks with Israeli officials in their bid to revive the stalled Middle East peace negotiations. In Damascus, Palestinian leaders argued over a draft political programme denouncing the U.S. as an aggressor. Israel talks, Page 3

Plea rejected

Ayatollah Khomeiny, the Shah's main opponent, rejected an appeal by President Carter to give Iran's new Government a chance to succeed, and stepped up efforts to take control of the country. Millions of people are expected to march through Iran's towns and cities today in support of the Ayatollah. Page 3; Shell warning, Back Page

Transplant fear

Heart transplant patient Mr. Charles McHugh has still not regained consciousness after the operation, and surgeons at Papworth Hospital, Cambridge, fear he may have suffered brain damage.

Greenland vote

Greenland's electorate approved by a vote of 70.1 per cent against 25.8 per cent the introduction of home rule from May 1 this year. Remaining votes were blank or spoiled. Page 2

Battle for port

Heavy fighting continued around Kampuchea's (Cambodia's, only deep-water port of Kampong Som, with strong Khmer Rouge resistance to the Vietnamese-led invasion. Page 3

Role reviewed

The Government is to conduct a study of the role of the Comptroller and Auditor General with a view to giving him wider powers, it was announced in the Commons.

Briefly . . .

Foreign Secretary Dr. David Owen's wife Deborah gave birth to their third child, a baby girl. Both are doing well.

Biggest British television audience in 1978 was the 30m who watched the World Cup final between Argentina and Holland, BBC research figures show.

BUSINESS

Equities steady; Gold up $2\frac{3}{4}$

● EQUITIES held steady in the face of industrial news and helped by good results from Grand Metropolitan, the FT ordinary index closed 0.5 up at 474.5.

● GILTS made small gains in many sectors and the Government Securities index closed 0.11 up at 67.62.

● STERLING rose 35 points to $2.0100 and its trade-weighted index fell to 63.3 (63.4). The dollar fell sharply against the D-mark to DM 1.8350 and the D-mark's trade-weighted average rose 0.1 per cent. The dollar's depreciation on Morgan Guaranty figures widened to 9.1 per cent from 9.0 per cent.

● GOLD rose $2¾ to $231¼ in London.

● WALL STREET was 5.02 up at 839.22 just before the close.

● UK MONEY supply growth rose last month after the standstill in November, but still remained within the official target range for expansion according to Bank of England figures. Back Page; table Page 6

● U.S. GROSS National Product increased sharply in the final quarter of last year at an annual rate of 6.1 per cent in real terms, according to preliminary figures from the Commerce Department. The rate of growth is much higher than official and private estimates and double what was predicted last autumn. Although the outlook for the current year is not expected to be good, it is suggested that any economic slowdown or recession will not come until 1980.

● WEST GERMANY'S long-term oil supply would be endangered and many jobs put at risk if Veba and BP are not allowed to complete the DM800m deal put forward last June, the companies have told the West German economics minister. Page 2

● AMOCO and Murphy Petroleum have agreed a £100m leasing deal to finance expansion of Amoco's refinery at Milford Haven. Page 5

● SKF (UK), the Swedish-owned bearings manufacturer has told unions at its Ayrshire plant that it plans to cut its workforce by two-thirds in the next six months, at a loss of 600 jobs. The company's losses were £6.5m in 1977 and are estimated at £5m for last year. Back Page

● HOUSING CORPORATION, the controlling body for Britain's housing associations, reported a £60m deficit on its general revenue account, bringing its accumulated deficit to £7.8m. Page 5

● GRAND METROPOLITAN reports pre-tax profits ahead from £77.53m to a record £115.94m for the year to September 30 on sales of £1.85bn (£1.64bn). Page 28 and Lex

● NATIONAL AIRLINES net earnings rose from $6.422m to $18.3m on revenues 17 per cent ahead at $630.45m ($536.87m). Page 35

● AMERICAN MOTORS Corporation reports first quarter net income nearly 14 times higher at $26.2m against $1.9m, Page 35

Ministers decide to delay calling State of Emergency

BY RICHARD EVANS, LOBBY EDITOR

The Cabinet decided yesterday that there should be no immediate declaration of a State of Emergency to meet the worst effects of the road haulage dispute, but the deteriorating industrial and supply situation is to be reviewed daily.

The decision announced to the Commons by Mr. James Callaghan, was reached after three hours of Cabinet discussion when some Ministers pressed for the early implementation of a State of Emergency because of growing food shortages in some areas.

But the majority view was that Mr. Moss Evans, general secretary of the Transport and General Workers' Union, should be given an opportunity to persuade his rebellious pickets to obey the new code of conduct, issued yesterday after discussions with Mr. Callaghan and other Ministers.

This mean, in practice, that Ministers will review the effects of the road haulage strike over the weekend and on Monday. If union tactics, particularly on secondary picketing, have not changed there is every prospect that a State of Emergency will be declared early next week.

The Prime Minister, facing Conservative fury and scorn, particularly from Mrs. Margaret Thatcher, the Tory leader, argued that it was not sensible to proclaim a State of Emergency immediately for two reasons: it could harden the attitude of the pickets and extend the dispute to other sectors; and the few troops available would not be able to increase key supplies above present levels.

Mrs. Thatcher, in supremely confident form against the defensive Premier, said she was "astonished at the weakness and hollowness" of his statement. The dispute appeared to have slipped out of the hands both of the Government and the T & GWU leadership, she said.

An immediate State of Emergency was required, not necessarily so that troops could be used, but to show that the Government was retaining some authority over events.

The tone of Mrs. Thatcher's remarks showed she was expecting the code of picketing conduct to be rejected by many transport union members, and that delay in introducing a State of Emergency would lay Ministers open to the charge of placating the unions at virtually any cost.

Mr. Callaghan is clearly taking a considerable gamble in delaying a State of Emergency, with the possibility that the road haulage dispute could become much more damaging in the next few days, should secondary picketing continue.

The low morale and electoral anxieties of Labour MPs was apparent during the Commons exchanges, particularly after a statement by Mr. Merlyn Rees, Home Secretary, on the effects of the road and rail disputes, the water shortage in the North-west, and the forthcoming strike by ambulance men.

Mr. Rees painted a more gloomy picture than the Prime Minister, and spoke of food shortages becoming more marked all over the country, increased layoffs throughout industry, growing problems in the supply of raw materials and the storage of stocks which were not being moved out to customers.

The Prime Minister tried to restore some morale at a meeting of the Parliamentary Labour Party last night when he warned MPs to be ready to meet a continuing battering from the Tories for as long as the crisis continued. He appeared especially concerned about a debate in the Commons next Thursday, chosen by the Tories, on the halving in the value of the pound since the Government took office in 1974.

Picket dies at oil depot

A 25-year-old picket was killed in Scotland yesterday when he was hit by a lorry which was leaving a Shell North Sea oil depot in Aberdeen. It is the first fatality on the picket lines since the strike started.

The incident occurred on a picket line which, union officials said, formed part of a local secondary picketing campaign. It had been peaceful with no reports of trouble. The dead man, Mr. Bob Watson, who was married with four children, was employed by a local haulage company.

His fellow pickets said they had unsuccessfully tried to stop the lorry as it entered the depot at Torry Dock yesterday afernoon. When it left they moved forward again and Mr. Watson was hit. He died on his way to hospital.

Both the Aberdeen police and local transport union officials started immediate investigations and the police will present a report to the Procurator Fiscal, the civil prosecuting authority in Scotland.

LAY-OFFS — Only 125,000 to 150,000 people have been laid off compared with the 1m forecast by the Government last Friday. ICI and BL are among companies that have found ways of maintaining production. Heavy lay-offs are still forecast for next week.

FRESH FOOD supplies are still adequate according to the Agriculture Ministry but shortages of salt and other supplies are causing problems. Prices of beef, lamb and eggs are rising but sugar and some bacon deliveries are improving. Beer may run short in a week's time.

Editorial comment Page 18 ● UK 'likely to lose cab spy case' Page 5 ● Rolls-Royce strike settled Page 6 ● Strike effects and TGWU picketing code Page 7 ● Parliament Page 12

Transport union sends new picketing code

BY OUR LABOUR STAFF

THE TRANSPORT and General Workers' Union yesterday launched a second attempt to control picketing in the road haulage dispute and began sending out a detailed code of practice to all its senior regional officials.

The guidelines, however, are little more than a fuller clarification of the union's recommendations on picketing sent out last week and there must be considerable concern that much of the secondary picketing of lorries operated by companies not involved in the dispute will continue.

The code emphasises that picketing must be restricted to vehicles in the "hire and reward" sector of road haulage and lists the supplies, including material for the production of food, which should be given clear passage through picket lines.

Even if union officials receive a great deal of co-opeartion from strike committees and picket lines, they do not expect the code to have much effect until the early or middle part of next week.

At the same time, the executive of the smaller Manchester-based United Road Transport Union instructed its striking drivers to tighten up on picketing.

Although picketing eased in some areas yesterday, it increased in Wales, the North and Scotland.

The union's executive appears to be prepared to let its regional negotiators settle with employers at whatever level is acceptable to the drivers they represent, even if this is below the union's 23 per cent money claim for a new top rate basic of £65 a week.

The union says some companies are settling initially with their drivers. Local union officials claim to have secured agreements at 35 companies on south Humberside.

The Scottish region of the Road Haulage Association refused to improve its 15 per cent offer in negotiations with the union late last night. Union officials are also recommending rejection of a pay offer made yesterday to 15,000 drivers in the National Freight Corporation.

Yesterday's developments took place as the TGWU came under pressure from other unions to bring the worst picketing problems quickly under control.

A special meeting of the TUC's finance and general purposes committee yesterday afternoon expressed "serious concern" about the effect which the dispute was having on employment and the availability of foodstuffs and other essential supplies and drew attention to ways in which local pickets "appeared to have been ignoring the guidance issued by the TGWU."

The committee—which was attended by Mr. Moss Evans, the union's general secretary, welcomed the new picketing code and urged that the union should put "maximum effort" into ensuring that the directions were followed.

Mr. Evans claimed that the dispute had been greatly exaggerated by the Press and other media. It was the first time for 46 years that there had been such a lorry strike and the union was trying very hard to ensure that people were caused the least amount of hardship. There had been some difficulties over food supplies but he hoped the union's instructions would overcome these.

In response to public concern about picketing the TUC is calling an early special meeting of its employment policy and organisation committee to discuss the consultative document on the subject issued by the Department of Employment in the autumn. The TUC has already considered the document in broad terms but has not yet reached policy decisions on it.

Mr. Alex Kitson, the union executive officer said the regional committees would have some freedom in the way the code was enforced and in disciplinary measures against pickets who do not observe the code. Disciplinary measures could include withdrawal of union membership. The union's executive is hoping, however, that the code will be strictly interpreted by picket lines.

Elinor Goodman writes: The indications are that the Government will not try to implement Price Commission recommendations that rises in road haulage charges should be restricted.

Ministers had considered using the recommendation as a means of cautioning employers against making big wage settlements. But at yesterday's Cabinet meeting, the majority of Ministers were apparently in favour of taking no action.

Rail strike on Tuesday

Prospects of an early settlement to the rail dispute worsened yesterday when the train drivers' union ASLEF called a further one-day national strike next Tuesday and withdrew from national talks until progress is made on its claim for special responsibility payments.

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£ in New York

—	Jan. 17	Previous
Spot	$2.0000-0020	$2.0030-0045
1 month	0.54-0.44 dis	0.37-0.32 dis
3 months	1.20-1.10 dis	0.89-0.84 dis
12 months	3.25-3.00 dis	2.40-2.30 dis

Bundesbank defies Bonn over anti-inflation moves

BY JONATHAN CARR IN BONN

THE BUNDESBANK has announced new measures to curb an increase in money supply and inflation against the advice of the West German Government, which fears a possible setback for domestic economic growth.

The unusual public difference of view between Bonn and the independent central bank emerged here yesterday after a meeting of the Bundesbank Central Council at which the new steps were decided.

Dr. Otmar Emminger, the Bundesbank president, told a news conference that with effect from today the Lombard rate would be raised by ½ per cent to 4 per cent. This is the central bank rate for advances on securities and was last altered in December 1977, by a cut of ½ per cent.

Dr. Emminger also said that the minimum reserve ratios for the domestic and foreign liabilities of the banks would be rased by 5 per cent from February 1. The action will take about DM 3bn (£809m) in liquidity out of the banking system.

Dr. Emminger described all this as a logical continuation of the anti-inflationary move of December, when the Bundesbank announced a cut of DM 5bn in rediscount quotas. He said it was part of a step-by-step approach to ensure that the Bundesbank met its money supply target for this year.

But Herr Manfred Lahnstein, State Secretary at the Finance Ministry, who attended the council meeting, made clear that while the Government agreed on the importance of the money supply target, it felt the time was not ripe for the measures.

Latest figures show that last year West Germany achieved not only a bigger trade surplus than in 1977, but also a far larger current account surplus and a large inflow of long-term capital. These are circumstances in which West Germany's partners would hope for a policy of greater domestic economic expansion, while the latest steps may be interpreted as implying the reverse.

However, the Bundesbank believes that in contrast to the first part of last year, the economy is now entering a stage of largely self-sustained growth and that the inflationary danger thus looms larger.

Central bank money stock rose last year by 11.5 per cent against the 8 per cent target, and bank credit to domestic enterprises and individuals rose by 24 per cent compared with the 1977 figure. The central bank money supply target is now set within a range of 6 per cent and 9 per cent between the last quarter of 1978 and the last quarter of this year.

Lloyd's brokers in £100m merger

FINANCIAL TIMES REPORTER

SEDGWICK FORBES and Bland Payne, two major Lloyd's of London insurance brokers, yesterday unveiled their near £100m merger plan, a deal which will make the combined group the largest insurance broking operation in the UK.

The new company that emerges—to be called Sedgwick Forbes Bland Payne Group—is intending to co-ordinate its worldwide business with Alexander and Alexander Services one of the big three U.S. insurance broking groups. Combined total pre-tax profits of the three groups is about £100m.

Bland Payne is a subsidiary of Midland Bank and March and McLennan, the leading insurance broker in the U.S., holds an important 20 per cent stake.

Under the deal:

● Midland is buying out the 20 per cent stake of Marsh and McLennan for £15.7m.

● Sedgwick Forbes is buying the whole of Midland's interests in Bland Payne, including the 20 per cent Marsh and McLennan interest in Bland Payne in a deal involving an exchange of 22m shares in Sedgwick Forbes and £15m cash. These terms value Bland Payne at £98.6m.

● Sedgwick then intends to offer a 3 for 1 capitalisation issue. Under this arrangement Midland will then pass on 68m new shares which it will pass on to its own shareholders in the form of a rights issue.

Shareholders in the Midland will be offered seven Sedgwick Forbes Bland Payne shares for every 20 Midland Bank shares and 147 Sedgwick Forbes Bland Payne shares for every £2,000 convertible loan stock of Midland Bank. The price of the offer is 95p per Sedgwick Forbes Bland Payne share.

Lex Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES					
Treasury Var. 1982 £96$\frac{3}{16}$		+ $\frac{1}{16}$	New Wit.	115	+ 10
Treasury 15½% 1998 £116		+ ¼	Pancontinental	837	+ 87
Catalin	50	+ 7	Zandpan	226	+ 12
Davenports	93	+ 7	FALLS		
Distillers	207	+ 3	Alaxanders Discnt.	252	− 6
Dixon (David)	133	+ 7	Anglia TV 'A'	87	− 3
Finlas	118	+ 15	Brentnall Beard	30	− 2
Gelfer (A. & J.)	42	+ 4	Common Bros.	192	− 4
Grand Met.	115½	+ 3½	Dixons Photo.	133	− 5
IAS Cargo Airlines	99	+ 10	Eagle Star	127	− 5
Moss Engineering	83	+ 11	Matthews Wrightson	176	− 8
Plysu	128	+ 9	NatWest	288	− 5
Samuelson Film	158	+ 14	Startrite	155	− 5
Stock Conversion	302	+ 4	Stone-Platt	105	− 5
Elsburgs	34	+ 5½	Union Discount	305	− 10
Loraine	72½	+ 5½	Willis Faber	228	− 8
			De Beers Defd.	402	− 7

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FEATURES

For latest Share Index 'phone 01-246 8026

Oil supply 'in danger' if Veba-BP deal refused

BY ADRIAN DICKS IN BONN

WEST GERMANY'S long-term oil supply would be endangered, and several thousand jobs put at risk, if Veba and British Petroleum are not allowed to go ahead with the DM 800m deal put forward last June, the two companies told Count Otto Lambstorff, the West German Economics Minister, yesterday.

Herr Rudolf von Bennigsen-Foerder, the Veba chairman, said that if Veba could not get access to the 3m tonnes-a-year of crude promised by BP under the deal, it would be forced out of the West German oil market altogether, leaving it entirely dominated by the international majors.

Deutsche BP and Veba were making their final arguments at a public hearing called by the Minister before he decides whether to allow the deal. Objections have been made by the Federal Cartel Office and the Monopolies Commission. Count Lambsdorff is expected to announce his decision by the first week of February.

Although both companies insisted that the balance of the deal as originally conceived was overwhelmingly in the public interest, each also offered limited concessions towards the objections. These centred on the 25 per cent holding Veba wants to sell to BP in Ruhrgas, West Germany's biggest importer and distributor of natural gas.

Veba said it was prepared to sell a further 5 per cent of Ruhrgas, not included in the BP deal, to a group of other companies outside the oil industry, but which are also partners in Bergemann K. G., a holding company that in turn controls 56 per cent of Ruhrgas. This would leave non-oil interests with a total of some 52 per cent of Bergemann.

Both the Cartel Office and Monopolies Commission had expressed concern at the prospect of Ruhrgas being dominated by oil interests, arguing that this might limit future competition between oil and natural gas.

Deutsche BP's chairman, Herr Hellmuth Buddenberg, undertook that present limitations on the exercise of the 25 per cent packet within Bergemann would be respected "up to the year 2000 and beyond."

Herr Buddenberg also rejected the Cartel Office claim that BP ought to establish itself as an independent new force in the natural gas market as "unrealistic" while the Monopoly Commission proposal that BP should limit its stake to 9 per cent of Ruhrgas was "unacceptable to us."

The main emphasis of the two compaines' case, however, went beyond the competitivity arguments raised by the two statutory watchdogs. Herr Bennigsen-Foerder warned that Veba's role as a major German-owned energy group—put together by the Government itself—would be at risk if the deal could not go ahead. The 3m tonnes a year guaranteed by BP would, however, be as safe as reserves of its own and would enormously strengthen eGrmany's access to oil.

Employment would be affected at Veba refinery in Gelsenkirchen, and at BP's Hamburg refinery, if BP could not take over the former Gelsenberg refinery interests, both chairmen warned. Completion of the deal would, on the other hand, save jobs

Dr. Hans Tietmeyer, the senior official presiding over yesterday's hearing, gave no indication of what davice he will give Count Lambsdorff, but expressed scepticism over the two companies' claims of effects on employment.

Blizzard delays Giscard's visit

BY DAVID WHITE

THE FRENCH President's aircraft turned back to Paris yesterday when a swirling blizzard prevented him from landing in Bucharest, where he was due to start a three-day official visit. A curtailed visit is expected to start today, weather permitting.

The importance of M. Giscard d'Estaing's arrival has been magnified by Romania's increasing signs of independence from Moscow. The trip is the first planned by a major Western leader since the last Warsaw Pact summit, and follows closely on a visit by Mr. Michael Blumenthal, U.S. Treasury Secretary. The Romanians expect the French President to make clear his support for their stance.

But yesterday's welcoming crowd of about 1,000 people faced, or rather turned their backs to, driving snow for over an hour as Romanian officials discussed with French officials aboard the Presiden't DC-8 aircraft whether it should land. Eventually they agreed that fierce crosswinds, low visibility and the impossibility of keeping runways clear had won the day.

The mishap came as a sharp disappointment to President Nicolae Ceausescu, whose motorcade was due to meet the French party at Bucharist's Otopeni airport.

Talks between the two leaders are expected to focus on disarmament, the establishment of a new economic order, and bilateral trade, as well as Romania's overall foreign policy vis-a-vis the Soviet Union.

M. Gisgard d'Estaing will be ina deleciate position, since he is due to visit Moscow in just over two month's time. But he will undoubtedly make some declaration of sympathy for Romania's independent line, which has been significantly strengthened by its refusal to increase its Warsaw Pact expenditure and by President Ceausescu's condemnation of the Vietnamese invasion of Cambodia.

An unexpected visit by Mr. Leonid Brezhnev to Bulgaria, which ended on Wednesday, was interpreted by some as a shot across the bows of Romania and Yugoslavia, which have both refused to recognise the new Cambodian regime.

The supreme irony of yesterday's postponed visit was that the wind, the main factor preventing the aircraft from landing, came, according to a Romanian official, from the direction of the Soviet frontier.

In an interview with French television, Mr. Ceausescu repeatedly emphasised national sovereignty and independence. This theme forms the basis of an alliance of minds with the French, whose withdrawal from the military command structure of NATO parallel's Romania's refusal to allow Warsaw Pact manoeuvres on its territory, although it remains a member.

French diplomats are keen to kindle Romania's interest in French proposals for a European disarmament conference.

In his interview, Mr. Ceausescu urged a reduction in arms spending and stressed nuclear disarmament and the implementation of the Helsinki accords on security and co-operation in Europe.

Brussels outlines rules on companies information

BY GILES MERRITT IN BRUSSELS

THE BRUSSELS Commission has outlined the third and last of a series of EEC directives that it is proposing should establishd basic minima for information published by companies quoted on the Community's stock exchanges.

The first two cover the details to be made available in prospectuses and the conditions that a company must comply with for admission to quotation. The former will probably be adpoted by the Council of Ministers before mid-1979, while the latter received agreemnt in principle on December 19 last year.

The third directive concerns information available to the public on a regular basis, and is seen by the Commission as a first step towards greater accountability of public companies quoted in the Community.

The proposed minimum rules require the publication of a half-yearly report in addition to annual statements, and the presentation of financial information in tubular style with an accompanying text establishing the significance of the data.

The proposed regulations only concern those companies with shares or comparable securities quoted in the EEC. Those companies that have debentures quoted will not be concerned by the third directive, although under the terms of the proposed "conditions of admission" directive debenture holders must receive annual accounts.

Alarm at Italian wage demands

ROME—Italian metalworkers' contract demands would raise labour costs by 42.8 per cent by 1981. The association of managers of state industries (Intersind) estimated.

Three-year contracts are being negotiated in most basic industries, and the metalworkers are Italy's largest and most influential union.

The 42.8 per cent estimate is less than a figure of about 52 per cent suggested by Confindustria, the organisation of managers of private industries.

In either case, the metalworkers' bargaining platform is estimated to raise labour costs by more than the inflation rate, which would not be permitted under the Government's proposed economic recovery programme.

According to the plan, the price deflator for the gross national product would increase by only 34.1 per cent between 1979 and 1981.

AP-DJ

EEC fears for results of enlargement

By Brij Khindaria in Strasbourg

THE PLANNED enlargement of the EEC to include Portugal, Greece and Spain has raised fears in the European Parliament that the EEC's achievements may be threatened by the need to adapt to the newcomers.

A resolution drafted by the Political Affairs Committee insists that the accession treaties should contain "an unequivocal undertaking by all the signatory states to defend and extend the existing achievements of the Community in their entirety."

Parliamentarians take care to explain that they welcome the prospect of enlargement, but add that the process should be slow, preceded by a period in which the prospective members would adapt their lives and policies to those in force in the Community, which might extend to such political matters as voting with the Community in United Nations forums.

In the debate, the resolution's rapporteur pointed out that Greece's and Spain's lack of diplomatic relations with Israel raised problems for the Community.

M. Jean Francois-Poncet, France's Foreign Minister, said the accession treaty with Greece may be signed within the next six months. Accession negotiations with Portugal began on October 17 last year, and those with Spain are due to start on February 8.

NEO-FASCISM IN ITALY

Ventura's flight imperils Government

BY RUPERT CORNWELL IN ROME

THE ITALIAN Cabinet meets today to appoint a new national police chief, to replace Sig. Giuseppe Parlato, sacked after the escape of a second key defendant at the trial of those accused of the Milan bombing in 1969, when 14 people died.

The peremptory dismissal of both Sig. Parlato, and of the chief of the anti-terrorist police in Catanzaro, where the trial is being held, has failed to still the public outcry over the escape, which has coincided with a new spate of Fascist violence and counter-violence in Italy.

Yesterday, two anti-fascist demonstrations took place, one one organised by the main trade unions, the other led by the Left-wing private radio station fire-bombed last week in a terrorist attack which left five women wounded.

The disappearance of Sig. Giovanni Ventura, just three months after another defendant, the alleged Neo-Fascist Sig. Franco Freda vanished in almost identical circumstances, could not have come at a worse time for the minority Christian Democrat Government, now threatened with an early end.

Not only did the incident again demonstrate the ineptitude of the State that the Government is supposed to administer, but attention has once more focused on the web of suspicion and intrigue which has always surrounded the Milan bombing.

The atrocity came at the height of the far right's so-called "strategy of tension" in the late 1960s, and early 1970s.

Fugitive Neo-Fascists Franco Freda and Giovanni Ventura

The belief remains widespread that the Italian secret service was connected with the affair, and has links wih some of those on trial in Catanzaro.

The latest events have given yet more ammunition to the Communists in their onslaught on the Christian Democrats. This, in turn, may precipitate the fall of the Government and, quite conceivably, an early general election.

At the eye of the storm is Sig. Virgilio Rognoni, the interior Minister, who announced Sig. Parlato's sacking. With few exceptions, the Italian press yesterday took the view that the police chief had been made a scapegoat for the Government's failings.

Sig. Oscar Luigi Scalfaro, Vice-President of Parliament, and himself a Christian Democrat, declared that "only a weak and gravely inadequate state could pluck up the courage to retalate so strongly against its own officials."

The Government's embarrassment has been compounded by the faintly ludicrous circumstances of Sig. Ventura's flight, two weeks before the trial was due to end. Like Sig. Freda, he was facing possible life imprisonment.

He was only under house arrest, as a result of a recent law which limits the length of preventitive detention before trial to two years. Yet, although his flat was watched round the clock by 24 police, he made his getaway at any time after last Saturday evening, before the alarm was given on Tuesday afternoon.

Various theories have been constructed to explain exactly how he escaped. The most common are that he let himself down from a third-floor window, or that he slipped out disguised as a woman.

Two junior Ministers have been sent to Catanzaro, and a warrant has been issued for Sig. Ventura's arrest. There is renewed talk, also, of changing the law to ensure that people facing such serious terrorism charges are kept behind bars.

But it is doubtful if this will be enough to repair the damage to the credibility of a oGvernment which has been staking its surivavl on its ability to manage, and to persuade the population to accept austerity and restraint.

Record balance of payments surplus

BY OUR ROME CORRESPONDENT

ITALY YESERDAY set the seal on the economic recovery year of 1978 by reporting a balance-of-payments surplus of a record L6,896bn (£4,115m), more than thre times the L2,129bn acieved in 1977.

In December alone, according to provisional figures from the Bank of Italy, the surplus reached L951bn. Of this total, around two-thirds reflected the inflow of foreign borrowings during the month, but the central bank's reserve holdings rose a further L855bn

These latest statistics provide part of the background to yesterday's decision of the monetary authorities to loosen Italy's previously tight credit curbs. They also underline the solid financial base from which the government's ambitious three-year economic recovery plan has been launched.

The surplus reflects a substantial balance on service items, notably tourism, which produced record receipts last year, but also on the trade account.

For the first time since 1942 Italy may achieve a trade surplus for the whole of last year.

Brussels tackles a gut issue

By Giles Merritt

THE COMMON MARKET has reached a decision on a visceral issue which marks another milestone in its progress.

For "IV/C-29.290 Vaessen/Moris" is the docket code for a closely reasoned and suitably deadpan 24-page document which has just been handed down by the Brussels Commission as its decision on a dispute over artificial sausage skins.

The "guerre des boyaux artificiels" — or "phoney guts war" — has been wracking the Belgian sausage-making business for several years. It has its roots in 1961, when M. Alex Moris patented the machinery and processes for making not just sausages but so-called "saucissons de Boulogne," or horsemeat sausages. He and his company thrived on the invention until 1973 or so, for Belgian sausage makers took out exclusive licences with him to produce his distinctively square horsemeat sausages.

In that year, however, a competitor appeared on the Belgian sausage market. The Société M. Vaessen attempted to challenge the grip of M. Moris's Almo patent, and was successful enough with its sales of comparable synthetic sausage skins to steal one of Almo's leading customers, the Vleeswarenfabrieken Imperial concern.

At this point, the offal hit the fan. Suits and countersuits in Belgian courts rapidly gave way to a formal complaint to the European Commission by the Vaessen company that Almo had so tied up the Belgian sausage industry as to breach Article 85 of the Rome Treaty and its rule on fair competition.

After considerable digestion, the Commission has now found against Almo on the important counts, even though it has left one area of nagging doubt which must be worrying "saucisson de Boulogne" eaters. It appears that horsemeat sausage is nowadays being adulterated with beef and pork.

Greenland votes for home rule

BY HILARY BARNES IN COPENHAGEN

BY A vote of 70.1 per cent for, and 25.8 per cent against, the Greenland electorate has approved the introduction of home rule from May 1 this year. The remaining 4.1 per cent of the votes in the referendum on Wednesday were either blank or spoiled.

The large majority for home rule was welcomed both by Danish and Greenland politicians. "The big 'yes' vote forms a good background for home rule," said Mr. Lars Chemnitz, chairman of the Provincial Council, the senior elective body in Greenland.

Prime Minister Anker Joergensen congratulated the Greenland people and expressed satisfaction with the large majority.

Following an election on April 4, the Provincial Council will be replaced by a local parliament, the Landsting, which will gradually take over most aspects of administration from Denmark. Defence and foreign policy however will remain under Danish control.

There was a relatively modest 63.2 per cent turnout in the poll. This was attributed partly to abstentions by Danish-born residents, who were encouraged by Greenland politicians to stay at home and leave the decision the the permanent residents. It is estimated that here were about 6,000 Danes among the 28.5000 entitled to vote.

The election result was greeted enthusiastically in Godthaab, the Greenland capital on the west coast.

Finnish industry's cautious view

BY OUR HELSINKI CORRESPONDENT

FINNISH industry expects the cyclical upturn that began towards the end of 1978 to continue but hardly to strengthen in the coming 12 months. That is the conclusion to be drawn from answers made by industrial companies in December to questionnaires issued by the Bank of Finland and the Confederation of Finnish Industries.

After further contraction in 1978, industrial investment is expected to increase in the current year, led by the forest industry and chemical branch. But, the emphasis will be on machinery and equipment renewals and hardly any new investment projects are planned. Although companies expect to increase utilisation of production capacity, they think they will still have capacity to spare.

The confederation says that the predicted slowing of the growth of forest industry exports, the rising trend of consumer purchasing power and the continuing sluggish rate of investment expansion form the background to the cautious expectations for growth in the current year.

The situation varies from sector to sector. The consumer goods industry (textiles, clothing, food) is the most optimistic. Overall, it appears that order books are returning to normal, stocks of manufactures have been run down and exports are rising.

Most dubious about the metal and engineering sector volume of new orders are the and the building branch. The main bottleneck to the expansion of industrial production as a whole is still financing difficulties.

Winter rocks Czechoslovakia

PRAGUE — The new year brief bout of winter weather has rocked Czechoslovaia. While student volunteers shovelled snow out of Prague gutters, other workers were still trying to unfreeze hundreds of rail cars loaded with brown coal this week. Power plants which should have had supplies stockpiled were struggling to keep them coming in.

Railways reported shortages of rolling stock to carry coal, and the party newspaper Rude Pravo told workers to stop trying to thaw cars out by setting fire under them. Drivers were warned not to mix petrol with the engine oil to thin the oil and make winter starts easier.

AP

Danish party expulsions

BY OUR COPENHAGEN CORRESPONDENT

FOUR MEMBERS of Denmark's Social Democratic Party will be excluded from the party because they allowed themselves to be nominated as candidates to the European Parliament for the People's Movement Against the EEC. The pro-Communist SDP had earlier made it clear that this would happen to any members standing on the Movement's list.

The Social Democratic Party's own list of 27 candidates includes four "critics" of the EEC, and they are among the top six on the party's list, which is headed by the party's deputy-chairman, Mr. Kjeld Olesen, who previously held the Defence and Transport portfolios.

The People's Movement is a non-party organisation, but, as the Communist Party is alone among the Danish parties not fielding its own list of candidates, it was feared that the Movement's list would be dominated by Communists. In fact, the Movements's list of 20 candidates includes only one Communist Party member and four sympathisers. The list also includes a Conservative, a Liberal, and a Social Liberal, three of Denmark's old established and pro-EEC parties.

Denmark will have 16 members in the European Parliament, one of whom will be elected in Greenland.

Turks seek arms deal with U.S.

By Metin Munir in Ankara

TURKEY WANTS its new defence treaty with the U.S. to contain stipulations on joint manufacture of armaments and on economic assistance, a senior Foreign Ministry official told the Financial Times here yesterday.

The first session of the Turkish-American defence talks opened yesterday at the Foreign Ministry here, and lasted for two and a half hours.

The treaty would replace the one abrogated by Ankara in July, 1975, when the U.S. imposed an arms embargo on Turkey.

The Turks informed the U.S. delegations that the would submit the draft of a defence treaty at the next session, next Thursday. A senior Foreign Ministry official said it would contain a section on the status to be accorded to U.S. bases and personnel. There would also be sections on joint armaments manufacture and economic assistance.

A U.S. embassy official said the first session had been "productive." The sides had established a procedure, and there would be working group sessions—the first one today—followed by full delegation meetings. The second full delegation meeting would take place next Thursday.

Both sides hope the agreement can be signed well before next October, the expiry date for the provisional status of U.S. presence in Turkey.

The provisional status was announced by Mr. Ecevit when President Carter lifted the three-year arms embargo.

The key installations used by the U.S. in Turkey are electronic intelligence-gathering stations, principally directed towards the Soviet Union.

Meanwhile in Sofia, Turkey and Bulgaria began talks on delineating the boundaries of their continental shelf in the Black Sea. The two sides are also expected to sign an agreement on protecting the marine environment in the Black Sea.

Turkey and the Soviet Union signed a continental shelf agreement during Mr. Ecevit's visit to Moscow last summer.

SOVIET-BULGARIAN RELATIONS

Brezhnev's Balkan apprentice

Bulgaria describes itself as the Soviet Union's "small loyal brother." Such fraternal sentiments worry Bulgaria's Balkan neighbours—Communist as well as non-Communist, while closer economic relations between Moscow and Sofia may well mean sacrificing certain Bulgarian economic ambitions. Paul Lendvai reports.

THE LIGHTNING TRIP to Sofia by Mr. Leond Breznev, the Soviet President, and his latest appointee to the Politburo Mr. Kowstantin Chernenko, was a major political event affecting both the political and economic situation of Bulgaria and its relations with Yugoslavia and Romania, the two independent-minded Communist states.

The Soviet leader's first visit to Bulgaria since September 1973 underlined the special position of that country, the traditional favourite of Russian czars and Soviet rulers in the heart of the Balkans.

In a sense, the Soviet friendship visit can be seen as an effective, albeit belated, reply to last summer's Balkan journey by Chaiman Hua Guofeng (Hua Kuo-Feng) of China, since it coincides with Soviet-backed Vietnam's victory in Cambodia.

The speeches made by the guest and his host, President Todor Zhivkov, the communiques released after the meetings with the entire Bulgarian Politburo and the Press commentaries clarly show that Mr. Brezhnev's stay was more than a "friendship visit" followed by a "few days of rest."

Significantly, Mr. Brezhnev mentioned defence as a sphere in which Soviet-Bulgarian relations have set "an example of socialist internationalism in action."

There are no Soviet troops stationed in Bulgaria, the only Warsaw Pact country other than East Germany which does not share a border with the Soviet Union. But the Soviet Union, with an almost 55 per cent share of Bulgarian foreign trade, has a higher degree of economic domination here than in any other bloc state.

Current economic difficulties, accentuated by Bulgaria's need to import most energy resources and raw materials, have further increased dependence on Moscow, the chief supplier and single most important market.

Though Comecon accounts for about 80 per cent of aggregate foreign trade, Bulgaria has to look to the West for many of its capital goods imports. Economic growth fell short of the planned targets in the first three years of the current Five Year Plan, while still reaching an estimated 6 per cent last year.

Disappointing harvests and the recessions in the West combined to give a powerful push to the hard currency debt, which probably totalled over $2.5bn by 1978. Bulgaria's debt-to-hard-currency-earnings ratio is the highest in Eastern Europe.

Specialising in electronics and electrical engineering, chemicals and petrochemicals, Bulgaria must achieve a more sensible balance between its ambitions and resources.

There are indications that "The ever closer rapprochement" with the Soviets may lead to painful retrenchment, particularly in the steel sector. The country's largest steel combine at Kremikovtsi, near Sofia, based on poor quality iron ore and situated 280 miles off the Black Sea coast, is a growing burden on the economy.

But the "ever closer all-round co-operation" may involve more than just the possible scrapping of ambitious projects, such as the erection of a third steel plant with the modest capacity of 1m tons a year near Buergas, also on the Black Sea coast.

Many Yugoslav observers are worried about the long-term implications of the Bulgarian-Soviet "drawing closer together."

The authoritative Belgrade daily, Politika, warned "of unexpected dimensions surpassing anything hitherto seen in integration between two socialist countries."

Despite Mr. Zhivkov's denial last year, it is feared that the Brezhnev mission will lead to institutional links between what the Bulgarian leader called "the great Soviet people and their small loyal brother, the Bulgarian people." The Yugoslav observers speak privately about the growing danger of Bulgaria's de facto incorporation into the Union of Socialist Soviet republics.

Already the opening two months ago of the world's longest regular ferry link between Varna on the Black Sea and Ilichevsk, near Odessa on the Soviet side, was regarded by Yugoslav and Romanian defence specialists as a strategically important venture in addition to its obvious economic advantages.

The twice daily operations on the 250 mile route, involving the world's largest ferry boats, eliminate the need to use the 130 mile land route across Romanian territory.

But it was also noted that each ferry's flatcars can carry 150 Soviet T-62 tanks. Romanian refusal to allow Soviet troops to pass through Romanian territory made it difficult to hold large-scale manoeuvres of Warsaw Parct troop in Bulgaria.

A few years ago Romania reportedly refused to grant the Soviet Union special land transit rights and the building of a wide-gauge Soviet railway through Romania. The difference in gauge between the Soviet and European standard railway tracks caused long delays in the transport of goods by train across Romania, affecting one-fifth of Soviet Bulgarian trade.

Bulgaria occupies a pivotal position in the Balkans—bordering on the two North Atlantic Treaty Organisation States, Greece and Turkey, but also sharing a 325 mile common border with Yugoslavia and a 377 mile link (including a 282 mile stretch on the Danube) with Romania.

The fact that Mr. Brezhnev crosesd Romania by train on his way from Soviet Moldavia to Bulgaria without stopping to see Mr. Nicolae Ceausescu, the Romanian President, was described by some Soviet sources as a deliberate snub to the Romanian leader, who publicly condemned the invasion of Cambodia and previously criticised Warsaw Pact demands for increased defence spending.

The 8.8m Bulgarians, once called the Prussians of the Balkans, have been "Mother Russia's" traditional spearhead of expansion. It was the Soviet inspired Bulgarian opposition against holding regional conferences and forging institutional links between the Balkan countries which blocked any progress in multilateral co-operation after the Athens conference held three years ago.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rate $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing centres.

Rhodesia focusses on U.S. after talks plan dropped

BY TONY HAWKINS IN SALISBURY

BECAUSE BRITAIN is not capable of "statesmanlike action" in Africa, the Rhodesian transition government will from now on devote its efforts to achieving a "better understanding" with the U.S. Mr. Peter Van der Byl, the Rhodesian Foreign Minister, said yesterday.

Commenting angrily on the British Government's decision to drop plans for an early all-party conference on Rhodesia, Mr. Van der Byl said Britain had bowed to pressure from the "Soviet dominated terrorists" of the Kkomo-Mugabe Patriotic Front and from pressure from Marxist-inclined African states.

Mr. Callaghan's behaviour was typical of the lack of resolution displayed by successive British governments since 1945. It was also perfectly consistent with the Labour party's financial and political support for violent revolutionaries and growing understanding for the Kremlin's policies, he said.

Mr. Van der Byl told a news conference that the transitional Government had formally agreed with the U.S. government to negotiate "in good faith" with the common aim of restoring peace and keeping Rhodesia permanently in the democratic pro-Western camp.

Accordingly, Rhodesia would in future discount British importance in the dispute and focus its attention on winning over the U.S.

The Minister predicted that once a Black government had been installed in Salisbury after the April 20 majority rule elections, international opposition to the country would be "indefensible."

IWth one exception—the Rev. Sithole, leader of ZANU—all parties within the transitional government have criticised Britain's decision to drop the concept of the all party conference.

Observers here expect the British nad U.S. governments to resume their efforts to convene an all-party meeting after the April 20 elections. The Salisbury view is that once a black Prime Minister is installed in the Rhodesia capital—no matter how low the poll might be—the western powers will try to mediate between the guerrillas within the Patriotic front and the elected black Premier

On present form, such a new initiative would seem to have little prospect of success, unless the security situation improves radically after the elections, which most observers here believe to be highly unlikely.

Atherton talks make progress

By David Lennon in Tel Aviv

AMERICAN MEDIATORS are believed to have made modest progress in their discussions with Israeli officials yesterday aimed at resolving some of the deadlocked issues in the Middle East peace negotiations.

According to unofficial reports, Israel shifted its position slightly on the question of a review of the security arrangements in Sinai after the proposed Israel withdrawal. This had been expected, as Israel had said it would be flexible on this point even before the talks began.

Mr. Alfred Atherton, the special U.S. envoy, who heads the American team, refused to characterised the state of the talks following the morning meeting.

Speculation was rife in Jerusalem about the significance of Mr. Atherton's unscheduled meeting on Wednesday evening with Mr. Menahem Begin, the Prime Minister, and Mr. Moshe Dayan, the Foreign Minister. Israeli officials said it was just a general review of the situation in the region and denied that the meeting marked either a breakthrough or a breakdown of the talks.

A bomb exploded in Jerusalem's open-air vegetable market yesterday, wounding 21 people. The market has been a frequent target for Palestinian *bombs.*

THE U.S.-PHILIPPINES SECURITY AGREEMENT

Marcos and Carter find a compromise

BY HARVEY STOCKWIN IN HONG KONG

The U.S.-Philippines agreement on American bases in the country has resolved a key security issue in Southeast Asia. President Marcos of the Philippines has had to balance the demands of defence strategy and Filipino nationalism; while President Carter has had to make concessions too.

WASHINGTON'S RECENT security agreement with the Philippines has given a measure of reassurance to President Ferdinand Marcos and has gone some way towards restoring South-East Asia's flagging confidence in the U.S. commitment to the region.

Clearly the Association of South East Asian Nations (ASEAN) had been looking for some form of resolute action from the U.S. Washington's treatment of Taiwan after establishing diplomatic links with China, the withdrawal of American troops from South Korea, the military victories of the Vietnamese-backed forces in Cambodia: all these events have recently eroded the credibility of the U.S. in the region.

The agreement on the continuation of U.S. bases in the Philippines reduces these doubts but some uncertainty persists both in Manila and within South-East Asia. The agreement — involving four documents — puts the U.S. presence in the Philippines on a firmer footing and clears up some of the jurisdiction problems which have affected the American bases on the islands.

The complexity of the agreement gives a hint of how far the U.S. and the Philippines have had to compromise. The essence of the agreement is contained in a complex interweave of four separate documents: The U.S.-*Philippine joint communique of* January 7, an exchange of notes between the two Governments of the same date, a letter from President Carter to President Marcos dated January 4, and a letter from Mr. Cyrus Vance, the U.S. Secretary of State, to Sr. Carlos Romulo, the Philippine Foreign Affairs Minister, on January 6.

The desire to change the terms under which the U.S. retains its presence in the Philippines has been a constant element in Manila politics since the U.S. obtained vast bases, along with extra-territorial rights on 90-year leases, soon after the Philippines became independent in 1946.

President Marcos has had to reconcile nationalist demands for changes in the U.S. bases with discreet pressure from China, Japan and his ASEAN partners for the bases to be retained. President Carter, for his part, presumably hastened the negotiations in the knowledge that convincing evidence *of U.S. determination to remain* a strong power factor in the Western Pacific would be an essential accompaniment to the withdrawal from South Korea and the abrogation of the U.S.-Taiwan mutual security treaty.

The new agreement appears to have solved part of the dilemma facing President Marcos. Nationalist sentiment, for example, is appeased with the decision that the Philippine flag will now take precedence at all the former U.S. bases, symbolising the explicit return of Philippine sovereignty. Philippine base commanders will be in charge at Clark air base, Subic naval base, the Sam Miguel communication facility and Camp John Hay, a recreation centre near Baguio.

Three key issues have been carefully dealt with by the new agreement. President Marcos' demand has been for rent for bases—a demand which led his to reject the Kissinger offer of $1bn in economic and military assistance made in the dying *days of the Ford Administra*tion. In the Carter letter to President Marcos, the Administration's "best efforts" are promised for securing roughly $500m in military and military-related aid and loans over the next five years. Addtionally, there will be economic aid which could, at present levels, run in excess of $500m over the next five years.

The second issue involved jurisdiction over U.S. servicemen., Mr. Vance's letter promises an end to one past — and provocative— practice, that of the speedy transfer out of the Philippines of U.S. servicemen faced with Philippine court proceedings.

There is no U.S. shift on the third issue, that of the Philippine demand for a more automatic commitment from the U.S. under the Mutual Security Pact.

The main Filipino doubts about the agreement centre on implementation, notably in regard to he U.S. aid and loan promises.

A significant gap remains between parochial nationalist demands, and the wider strategic concerns of the Philippines' friends and allies. Japan, Taiwan and the other ASEAN states see the bases as reassurance, in relation to their doubts about the U.S. strategic posture. Filipinos, on the other hand, have lingering doubts about the validity of their nation's role as a U.S. *strategic outpost.*

Assets frozen in S. Africa inquiry

BY QUENTIN PEEL IN JOHANNESBURG

THE ASSETS of a Panamanian-registered company in South Africa have been frozen by the South African reserve bank in the course of inquiries into the secret activities of the former Department of Information.

The company, Royal Holdings, *was represented in South Africa* by Mr. David Abramson and Mr. Stuart Pegg, two businessmen who have admitted acting as front men for the Information Department, including taking part in an unsuccessful attempt to gain control of Morgan Grampian, the British publishing house.

The frozen assets include a shareholding of R4.8m ($5.5m) in the Electricity Supply Commission, bought in April 1977 with Securities Rands, and 2.5m shares in the sewing machine company, Empisal. According to the Johannesburg Financial Mail, neither holding may be sold without the written permission of the reserve bank.

A reserve bank spokesman said yesterday that the matter was sub judice

Royal Holdings last year failed in an attempt to acquire the entire share capital of Empisan, *when its offer for the* minority holdings was rejected. The company's shares amount to 60.5 per cent of the issued share capital.

However it has agreed to sell Empisal's main trading assets to Tedelex, a television and electrical appliances company, and a notice convening a shareholders' meeting to approve the deal, for R1.8m, is expected soon. Empisal would then be a cash shell with no outstanding liabilities.

The Financial Mail yesterday quoted Mr. Pegg, who is in London with Mr. Abramson, as saying that his clients in Royal were "as mad as hell, and they'll take the matter to the highest courts. . . . I want you to know that these guys are very big and very wealthy." He declined to identify the owners of Royal. He told the magazine that the company had plans to *invest up to R100m ($115m)*

Discussions on Namibia resume

BY OUR JOHANNESBURG CORRESPONDENT

UNITED NATIONS and South African officials flew from Namibia (South-West Africa) to Cape Town yester*day for further talks on plans* for UN supervised elections in the disputed territory, with the future of the whole operation still in the balance.

Mr. Martti Ahtisaari, the special representative for Nambia of Dr. Kurt Waldheim, the UN Secretary-General, said the latest consultations were "perhaps the most sensitive period of the entire exercise."

He flew to cape Town yesterday accompanied by Judge Marthinus Steyn, the South African administrator-General in Namibia, to continue the discussions with Mr. Pik Botha, the South African Foreign Minister.

Although no details of the discussions held so far in the Namibian coastal resort of Swakopmund have been disclosed, observers there believe that the South African officials are pressing for additional assurances on the number and composition of the proposed UN peacekeeping force in the territory. They reportedly are also insisting that no South African troops should withdraw until there is a "visible peace" on the northern border with Angola.

Ayatollah rejects peace envoy from Bakhtiar

TEHRAN — Iran's Regency Council yesterday sent one of its members to talks to the Shah's chief political enemy, Ayatollah Ruhollah Khomeini, who is living near Paris.

A senior official in Tehran confirmed that Mr. Seyed Jala-Eddin Tehrani had left for France to meet the Ayatollah.

But a senior aide of the Ayatollah at Neauphle-le-Chateau, near Paris, said the exiled religious leader would not receive the regency council's envoy to discuss reconciliation with the Government of Dr. Shapour Baktiar. Such a discussion was out of the question.

The Ayatollah also rejected a call from President Carter to give the new Iranian Government a chance to succeed.

Mr. Tehrani left Tehran for Paris after at least 23 people had been reported killed in the south-western cities of Ahwaz and Dezful. Troops, some using tanks, and pro-Shah demonstrators with clubs were said to have gone on the rampage.

After first reports of dozens of deaths on Wednesday in the oil city of Ahwaz, lawyers in Tehran said at least 17 deaths had been confirmed, with 65 people injured.

In Dezful, 60 miles further north, similar clashes flared yesterday between anti-Shah protesters on one side and soldiers and pro-Shah demonstrators on the other. The official radio said six people were killed and 20 injured.

The Bakhtiar Government is taking precautions for major anti-Shah protest marches planned for today. Tehran airport is being closed for 24 hours from midnight tonight.

Meanwhile, the Shah is expected to fly to Morocco on Sunday or Monday for a visit to King Hassan on his way to the U.S., according to Egyptian officials at Aswan.

Yesterday he conferred with President Anwar Sadat and Mr. Gerald Ford, the former U.S. President, who arrived in Aswan at the invitation of the Egyptian leader.

Agencies.

Khmer Rouge prove they retain fighting capacity

BY RICHARD NATIONS IN BANGKOK

FIGHTING continued for the third day in and around Cambodia's only deep-water port, Kampong Som, and although few observers doubt that Vietnam's superior force will regain full control of this strategic asset, the surprising Khmer Rouge comeback implies a greater fighting capability than previously thought.

The Khmer Rouge appear to have slipped into Kampong Som on Monday after the Vietnamese-backed forces stripped their defences to redeploy troops in a wider coastal assault to the west. But the Khmer Rouge's ability to take advantage of the opportunity and hold out against heavy counter-attacks from the air is viewed here as evidence that significant forces loyal to Pol Pot, the ousted Prime Minister, have remained combat-effective.

Vietnam's armoured blitzkrieg secured control of Cambodia's major communications routes and provincial towns in a fortnight. But Hano's forces remain strictly roadbound with the Khmer Rouge units—largely by-passed in the first assault—still free to operate in open country, probing Vietnamese weaknesses.

The relatively cheap and transient Khmer Rouge victory at Kampong Som is perhaps the first of similar see-saw reversals in provincial capitals. Similar contests are reported east of the Mekong, near Takee and Kampot, in the west at Sisophon, and the north near Addar Meanchaey.

The key factor is supplies, since the Khmer Rouge are thought to have no more than two months' of ammunition stockpiled in mountain redoubts and prepared guerrilla bases.

Military analysts say that the Chinese should be able to open lines along the coast to keep Pol Pot's forces alive, even without the cooperation of the neighbouring Government of Thailand and despite Vietnamese control of offshore patrol bases in the Gulf of Thailand.

An active Khmer Rouge resistance could make the extension of the new administration in Cambodia a costly and demoralising chore for Hanoi.

AMERICAN NEWS

Governor closes the prison gates

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

ANOTHER U.S. state, this time Tennessee, has this week found the transition from one Governor to another, fraught with bizarre problems.

On Wednesday night, three days ahead of schedule, Mr. Lamar Alexander was sworn in as the new state Governor in order to prevent the outgoing Governor, Mr. Ray Blanton, from commuting the sentences of any more prisoners in state jails.

On Monday, Governor Blanton suddenly granted clemency to 52 convicts, 24 of them behind bars for murder. One of those pardoned was the son of a political ally of the Governor, in prison for killing his former wife and her male friend.

Governor Blanton's aim to reduce the prison population has been an issue in Tennessee for the last year and many Democrats ascribe the defeat of their candidate for the governorship last November to this issue (Mr. Blanton did not seek re-election). He had promised once before to release the son of his associate, but subsequently withdrew the pledge under political pressure.

Last month, three state employees, two of them from the Governor's legal office, were arrested by the FBI and charged with extortion and conspiracy to sell pardons, paroles and commutations.

However, no explanation for this week's actions have been forthcoming. Mr. Blanton merely said that he was under court order to reduce overcrowding in the State's prisons, but his real motives remain a mystery.

As it was, both Democrats and Republicans in Tennessee, appalled by the clemencies and apparently believing reports that Mr. Blanton was about to release more prisoners before he formally left office on Saturday, went to the State's Attorney-General to see if there was a legal solution to remove him ahead of schedule.

The Attorney-General said that it was legal for Mr. Alexander to take office any time after January 15 because Mr. Blanton was, after that date, merely a "hold-over" Governor. Mr. Blanton was told of this just five minutes before Mr. Alexander was sworn in.

"It's a terrible embarrassment," he said later. "There is such a thing as courtesy." Mr. Alexander ovserved that "these are not happy days for Tennessee."

Earlier this week, the State of Maryland had also passed through a troubled transition from an acting Governor, to a Governor re-instated for two days after court convictions against him had been thrown out, and finally to a new, duly elected Governor.

Bank offers cash to kidnappers

Negotiations continue over cash payments between the Bank of London and South America, a Lloyds Bank subsidiary, and the guerrilla captors of the two British bankers paid to be alive and well who were kidnapped in San Salvador, the capital of the Central American state of El Salvador, at the end of November, Hugh O'Shaughnessy writes.

Fears that the situation of Mr. Ian Massie and Mr. Michael Chatterton, the two Lloyds men, could be complicated by the actions of left wing demonstrators who occupied the Mexican embassy and other offices on Tuesday were dissipated when the Mexican Government granted political asylum to the demonstrators.

Swedish thaw

President Jimmy Carter yesterday met Sweden's Prime Minister Ola Ullsten, above the first such White House visit since the U.S.-Swedish dispute over the Vietnam war. The visit symbolises a "considerable thaw" between the nations, after their bitter dispute. For a time Washington recalled its ambassador from Stockholm during the war.

World Bank increases oil, gas development lending

BY DAVID BUCHAN IN WASHINGTON

WORLD BANK lending for oil and gas development in the Third World will increase to $500m in 1979/80 and to an annual level of $1bn by 1983, under a plan approved by its Board this week.

The stepped-up programme, endorsed by western leaders at last summer's economic summit in Bonn, will double the proportion of the bank's loans going to the energy sector. It is particularly aimed at alleviating the burden on the poorest developing countries of the continual climb in OPEC oil prices.

Without some action to help Third World countries that import oil to develop what resources they have, their oil import bill is likely to be as high as $38bn by 1985, Mr. Ernest Stern, vice-president for operations, said yesterday.

While conceding that energy development carried inherent risks for financiers, Mr. Stern stressed that the bank's loans would have the usual guarantee from the member government concerned. The bulk of the World's Bank's energy loans would be for a share (usually 20 per cent) of production costs. Except for bank financing of much needed geological surveys, the chancier business of exploration would be largely left to governments themselves and to the commercial oil companies.

World Bank loans generally have 15-20 year maturities, with a 3-4 year grace period on repayment, and presently carry interest rates of around 7 per cent.

The bank is preparing some 30 oil and gas projects to be financed over the next three years, with another five for coal production. By 1983 it hopes to be lending $1bn a year in this sector, while the total cost of the projects it would be partially supporting would be running at about $4bn a year.

The bank has not yet decided what non-energy projects might have to pared to free financial resources for the new oil and gas programme, Mr. Stern said. He hoped, however, that with generally growing funds available to the bank and its sister, the International Development Association, such reductions might not be needed.

Of the projects under preparation, half are for the development of known, but previously untouched, natural gas deposits found as in Egypt, Thailand, and Tunisia. Others are for "secondary recovery" in countries, such as Bolivia and Ecuador, where oil production and reserves have been declining. Further projects are for exploiting very small reserves, such as in Chad and Pakistan, but which could still significantly reduce those countries' imports bills.

Fuel consumption slows down

BY DAVID LASCELLES IN NEW YORK

FUEL Conservation measures in the U.S. are beginning to bite, but thanks to industry and the homeowner, rather than the motorist.

According to the American Petroleum Institute, the trade group which monitors oil statistics, demand for oil averaged 18.7m barrels a day last year, only 1.4 per cent up on 1977. This was considerably lower than the two previous years when it was above 5 per cent each time, and it is strikingly low for a non-recession year.

Most of the slowdown came in demand for fuel oil which is used to heat homes and generate electricity. Consumption of distillates rose only 0.4 per cent while demand for heavy fuel oil actualyl fell by 1 per cent.

Demand for petrol rose by 3 per cent, however, due to the fast-growing car and light truck population, and the greater use people now make of their vehicles. The API noted that demand could have been higher still were it not fuel-efficient cars.

Mr. Charles Dibona, president of the API, said the results were encouraging and showed that Americans are beginning to conserve energy.

The API also confirmed that imports fell quite sharply last year, from an average 8.7m barrels to 8.1m a day, a drop of nearly 7 per cent. This was mainly due to a 6.7 per cent rise in domestic oil production from Alaska. Total output reached 8.7m barrels a day.

Despite these improvements there did not appear to be any change in the U.S.'s fundamental energy balance. The API said oil met 49 per cent of total U.S. energy demand, little changed from the previous year.

This share should start dropping soon in favour of natural gas and coal as Mr. Carter's National Energy Act makes itself felt. The Act was finally passed by Congress last autumn after nearly 18 months of wrangling.

Reuter reports from Ottawa: Mr. Wilbert Hopper, President of Petro Canada Ltd., said he is confident that the U.S. will permit imports of up to 250m cubic feet of natural gas a day from Melville Island, the first-ever production from the Canadain Arctic.

Preferential overdrafts for Carter

By Our Washington Correspondent

PRESIDENT CARTER'S family peanut business received preferential treatment in the form of extended overdrafts and reduced interest rates from the National Bank of Georgia (NBG), under presure from its former president, Mr. Bert Lance.

This emerges from a special report by two NBG directors, prepared as part of a negotiated settlement of a Securities and Exchange Commission (SEC) suit against Mr. Lance and the bank.

It was these allegations that forced the resignation of Mr. Lance in October, 1977, as Mr. Carter's Budget Director. The report says that the alegations in the SEC complaint were "essentially accurate."

There was no immediate comment from the White House on the report, which rebounds more to Mr. Lance's discredit than to the President's. On becoming President, Mr. Carter handed over control of the peanut business to his brother, Billy, and other trustees.

While the extension of the overdrafts occurred after Mr. Carter's inauguration as President, the reduction in interest rates on his business loans took place when he was a candidate. The report, however, finds no substance in the speculation that Mr. Carter used any of the NGB money in his campaign.

Dominica signs Caracas pact

By Hugh O'Shaughnessy

VENEZUELA has taken a further step in its progressive involvement with the Commonweath countries of the Caribbean by signing a diplomatic and economic agreement with the newly independent state of Dominica.

At a ceremony in Caracas on Tuesday attended by President Carlos Andrés Pérez and Colonel Patrick John, the Dominican Prime Minister, the two countries agreed to establish relations.

WORLD TRADE NEWS

Britain in £36m deal with Soviet Union

By Kevin Done

Woodhall-Duckham and the Turner and Newall group have been awarded a £36m contract by the Soviet Union for the construction of a glass fibre plant.

The supply contract was signed with Techmashimport, the Russian process plant-buying organisation, in Moscow on Wednesday. Woodall-Duckham, which is part of the Babcock and Wilcox group, will be the main contractors for the project responsible for erection, supervision and commissioning.

The Turner and Newall group is involved through its subsidiary, TBA-Bishop. It is providing the process technology and will collaborate with Woodall-Duckham in the project management. The plant, which is to be built at Polotsk, near Minsk, should be commissioned in 1982.

The Klockner group of West Germany is handling part of the export finance for the deal through its UK subsidiary, Klockner Ina. Its French company will be responsible for the procurement and export of yarn machines for the plant under a French buyer credit facility.

The complete contract is being arranged as a compensation trading deal, but this part of the package has not yet been finalised. Further negotiations are expected to take place in Moscow in a few weeks time.

The plant will probably be paid for in chemical products, such as methanol or ethylene glycol, which will be sold predominantly on the West German market. None of the buy-back products are expected to be sold in the UK.

The compensation trading agreement is being organised by Klockner, which played a similar role in the last major process plant deal between the UK and the USSR. That deal arranged in 1977 was for Davy Powergas to build two methanol plants at a cost of some £147m.

As on that occasion the UK buyer credit facility, backed by the Export Credits Guarantee Department, is being arranged by Morgan Grenfell.

It forms part of the £950m line of credit negotiated by the Wilson Government in 1975. This latest contract takes the total sum committed under the credit line beyond he half-way mark, but the arrangement has been far less successful than it was hoped four years ago.

Zimmer wins China order for $218m polyester plant

BY GUY HAWTIN IN FRANKFURT

China has placed an order for the world's largest polyester polycondensation plant with a West German group. The plant, to cost close on DM 400m ($218m) is due to come on stream in 1982-83.

A statement from the Frankfurt-based engineering and contracting concern, Zimmer, yesterday, said that it had landed the contract against very stiff competition, particularly from Japan. Zimmer—a Davy International subsidiary—is to provide the "know-how," the engineering, all of the equipment and will also supervise the construction and commissioning.

The plant, which will produce some 1,600 tonnes of polyester polymer a day, will be sited near Nanking. It is here that the Chinese are siting a massive chemical complex, in large part, aimed at building up its embryo, man-made fibres industry.

According to Zimmer, one of the descilive factors in landing the order was the advanced level of technology they offered, coupled with the environmental protection measures incorporated in their continuous polycondensation process. Also in the running for the contract were Gude, the German concern, and Kanebo and Toyobo, both of Japan.

Terms for the deal are "standard," a Zimmer spokesman said yesterday. The Chinese, in other words, are to pay cash. These are the same payment terms as offered to Lurgi, another West German engineering group, which announced three major contracts worth DM 1bn last week. These also include a plants at the Nanking complex, one of which will be producing raw materials for the fibres industry.

Although the plant is very large, it is still not known whether any of its production will be going to export—thus depressing an already-depressed market. However, Zimmer pointed out that the potential domestic market is a large one and that the Chinese man-made fibres industry was still in relatively early stages.

The deal was the product of some eight months of negotiations with the China National Technical Import Corporation.

The group has a much smaller polyester polycondensation plant under construction in China under a contract landed in 1977. This, however, is geared to produce only 120 tonnes of the intermediate product for polyester fibres per day.

The new plant, which also places a high emphasis on energy saving, will operate on eight production lines starting from pure terephtalic acid and ethylene glycol. Micro-processing and monitoring systems will operate and supervise the complete production process.

A group of Chinese engineers and technicians will be trained at a similar production plant in the U.S., supplied by Zimmer to the American fibres producer, Allied Chemicals.

Incorporated in the contract are plants for the recovery of by-products — ethylene glycol, diethylene glycol, triethylene glycol and polymer waste. Two further contracts, worth DM3.5m, have also been signed, one for a bagging plant for polyester chips and the other for a solid state polycondensation plant for producing high viscosity polymide 66 chips.

Japan Air Lines in hotel talks

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN AIR LINES has offered to help China build and operate a chain of luxury hotels designed to accommodate tourists. The plan calls for three 1,000-room hotels to be built in Peking, Shanghai and Canton.

In a second stage, a series of 500-room hotels would be built in regional centres such as Hangchow, Sian, Kweilin and Tientsin.

JAL would provide advice on design and construction through JAL Development, a subsidiary which manages the airline's existing hotel interests. It would then undertake to manage the hotels for a 10-year period, while training Chinese staff to take over eventually.

The proposal was tentatively put to the Chinese in December and apparently received a favourable initial response. A team of senior executives from the airline and its hotel subsidiary is to visit Peking in February for more detailed discussions.

The team will be headed by Mr. Yasumoto Takagi, executive vice-president, and Mr. K. Tochinai, president of JDC.

JAL believes that China is anxious to expand foreign tourism as a potential foreign exchange earner, but that the scope for doing so is limited until the country expands and modernises its hotel system.

The airline's stake in Chinese hotel development would make sense in the light of the fact that the airline stands to benefit from any increase in passenger traffic between Japan and China. JAL now operates four flights a week to Peking but expects to increase the frequency to six before long. A service from Nagasaki to Canton via Shanghai is expected to be introduced before the end of 1978.

In addition to the hotel management plan, JAL will become involved in the near future in the training of Chinese civil airline personel.

India to buy Boeings

NEW DELHI—India will buy three more Boeing 747 jumbo jets and three Boeing 737s for nearly $180m, a Government spokesman said yesterday.

The 747s are for the Government-owned international airline, Air-India, while the domestic Indian airlines will be getting hte 737s, according to the Ministry of Tourism and Civil Aviation.

The decision to buy the Boeings is seen by some officials as a comedown from the Government's earlier stand demanding that Boeing furnish a list of officials and other persons who received alleged payoffs during former Prime Minister Indira Gandhi's rule.

Three months ago, Tourism and Civil Aviation Minister Purushottam Kaushik declared Boeing would have to provide the list if it wanted to clear pending business with the Government.

The Ministry spokesman asid the new plane order had been negotiated directly with Boeing. "The Government had asked for details of the payoffs," he said, adding, "we have received details up to 1975 but not beyond that."

AP

UK trade remains in deficit

By David Satter in Moscow

THE VALUE of British exports to the Soviet Union rose 22 per cent during 1978 over the previous year as deliveries of power generating and plant equipment pushed up the export total.

Figures released by the British Embassy show, however, that the UK—alone among the Soviet Union's major western trading partners—still has a chronic deficit in Soviet trade and commercial sources said that less than half of the $950m Anglo-Soviet export credit established in 1975 has been taken up.

UK exports had a value of £423m ni 1978, a significant increase over the value of exports in 1977, which was £347m. This was outweighed however by British imports of Soviet goods which had a value of £689m, leaving Britain with a deficit of £266m.

The major factor in the increase in the figure for British exports was deliveries on the £100m Coberrow gas compressor station contract signed in December, 1976, and the £50m Constructors John Brown contract for a high density polyethylene plant.

There are a number of major contracts which could go to British concerns this year including that for a fabrication yard to make platforms for oil drilling rigs in the Caspian Sea and a new contract for gas compressor stations.

Only one major contract, however, went to a British company during the whole of 1978 and that was the Camco share of the $195m contract awarded to a consortium headed to Techinip to introduce gas lift recovery methods in the Samotlor and Fyodorovsk west Siberian oil fields.

Russia warned on China trade

By Anthony Robinson

MR. DOUGLAS HURD, the Conservative Party spokesman on Europe, yesterday advised the Sovxiet Union not to interfere in UK trade with China.

Addressing the British-Soviet Chamber of Commerce he said "We must respond to the Chinese according to our analysis of China's intentions and plans and not anyone else's."

He also called upon the Soviet Union to look again at the activities of its merchant marine and pointed out that 80 per cent of the UK-Soviet cargo liner trade last year was carried by Soviet ships while hte UK flag share was only 17 per cent.

Distillers to raise Scotch whisky prices by 12%

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE DISTILLERS Company yesterday announced a 12 per cent price rise for its standard brands of Scotch whisky bottled in Scotland and exported to the U.S. and EEC countries.

The price increases will take effect from the end of this month and the beginning of February and follow similar price rises for other export markets which were implemented at the beginning of the year.

Distillers in the largest producer of Scotch whisky in the UK and last year had total export sales of over £300m. For the U.S. market, the price of standard brands will increase from $20.02 gross to $22.42 gross per case of 12 bottles.

The price of de luxe brands will increase from $37.86 to $42.40 per case.

For EEC countries, with the exception of the UK, prices will rise from January 29 from £9.22 to £10.39 net (or £15.95 gross) per case.

The price rises are the first for 12 months and are due to rising wage and other costs. Other companies are expected to follow Distillers and increase prices by similar amounts.

A new trade survey of whisky exports to the U.S. suggests that the market will grow faster than had been predicted. The survey, by Dr. David Targett, a lecturer at the London Business School on behalf of the Tomatin Distillers Company, predicts that Scotch whisky sales in the U.S. will grow by a minimum of three per cent over the next 10-15 years and with effective advertising could rise by 5 per cent.

State aid wins ferry order for Swedyard

By William Dullforce in Stockholm

AN ORDER worth SKr 600m ($138m) from Sweden's Sessan Line for two large ferries has gone to the Arendal Shipyard in Gothenburg after competition from yards in six other countries including West Germany.

Without the 25 per cent financial support from the Swedish Government the Arendal yard would not have won the order, according to Sessan chairman, Mr. Ulf Trapp. Sessan will pay only 5 per cent or SKr 30m in cash with the rest of the price being financed over a 12-year period.

Foreign yards offered 14-15 year credit terms and Sessan could have s aved SKr 25m by placing the order abroad but this would have involved currency risks and it was advantageous to be able to supervise the building of the vessels at close hand, Mr. Trapp said.

EXPORTS SURVEY

Middle managers—the key

BY MARGARET HUGHES

THE MOST important difference between Britain's export operations and those of its main EEC competitors, France and West Germany, is the role of middle management. At the same time the main limitation imposed on Britain's export effort is inadequate production capacity.

These are the main conclusions of a survey on export practices in the three main EEC exporting countries published yesterday by ITI Research and commissioned by the British Overseas Trade Board (BOTB) in conjunction with the London Chamber of Commerce and Industry and Barclays Bank International.

The survey—Factors for International Success—is based on some 360 interviews conducted with leading exporters in a wide range of industries in Britain, France and West Germany over the past 15 months. Sir Frederick Catherwood, chairman of the BOTB, in presenting the study yesterday, pointed out that it was based only on the "opinions of exporters." But he emphasised that they were "opinions that matter." He said, that although the BOTB did not agree with all the findings of the report he commended it to all exporters who should "carefully consider the main conclusions."

The more the study progressed the more impressive the all-important role played by middle management in France and West Germany appeared. It was middle management who actually organised the industrial machine and got results. But the study found Britain's managers to be restrained by fiscal, political and industrial limitations.

Mr. Andrew Tessler, managing director of ITI Research, which also conducted the earlier BETRO study on export markets, stressed that the management structure in Britain is "not conducive to the rapid decisions" required in export operations. The study, he said, showed that the quality of British management was as high if not higher than their counterparts in France and Germany, indeed their sales productivity was 20 to 30 per cent higher.

But middle management in both France and West Germany have a higher status, more responsibility, wider powers of influence, higher salaries and better incentives.

Middle managers in France and eWst Germany earn three times the salary of those in Britain while higher tax rates—which in any case average around 52 per cent in France and West Germany against Britain's 80 per cent—are imposed at a much higher salary level so that after tax earnings are much larger.

One of the most lasting impressions of the survey, Mr. Tessler said, was the lack of adequate production capacity in Britain to meet the orders generated by export managers and their salesmen.

This he attributed to the low profits level which meant that exporting companies were unable to instal new manufacturing capacity.

As many as 61 per cent of UK companies felt that their sales abroad would be bigger if they could offer quicker delivery. In many companies export salesmen are instructed not to press too vigorously for orders so as to maintain the required "balance" between productivity and demand. Shortage of skilled labour was also cited as an important limitation in Britain.

On the specific issue of delivery dates the study found that British companies had made substantial efforts to improve deliveries but recognised that further improvement was necessary to compete with France and West Germany.

Factors for International Success. Published by Barclays Bank International, 54 Lombard Street, London EC3P 3AH. Price £25 per copy.

UK NEWS

Industry slowdown began before spate of disputes

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE LEVEL of domestic demand and industrial output was slowing even before the present spate of industrial disputes.

Central Stastical Office figures published yesterday indicate that the underlying level of industrial output changed little during the second half of last year while consumer spending fell slightly in the final three months of the year.

These figures suggest that activity was already slowing down during the late autumn after the rapid growth in demand and, to a lesser extent, output earlier in the year.

Growth is expected to be slower this year although the precise outcome will depend in part on the level and timing of pay settlements and on the extent to which savings rise in response.

The preliminary estimate of the volume of consumer spending in the fourth quarter of last year is about £16.77bn, at 1975 prices and seasonally adjusted. This is a fall of ½ per cent on the level in the previous three months, and contrasts with the slight increase in retail sales over the period.

Over last year as a whole the volume of consumer spending rose by 6.2 per cent and for the first time exceeded the level in the previous record year of 1973.

Industrial output has been less buoyant and the all-industries index between September and November was about 4 per cent higher than in the same period a year earlier, but manufacturing production increased by only 1½ per cent.

The average level of the all-industries index in the three months to November was 1½ per cent lower than in the previous three months, while manufacturing production was 2 per cent down.

It is, however, officially reckoned that the direct and indirect impact of various industrial disputes in the motor industry, chiefly the Ford strike, accounted for most of this decline. Without these effects there would have been virtually no change in output.

A detailed breakdown indicates that mining and quarrying output rose by 4.2 per cent in the period, mainly thanks to North Sea oil, while production of the electrical engineering sector, notably computers, held up well as did that of the non-ferrous metals sector, apart from aluminium and copper.

Gas, electricity and water output dropped by 5 per cent in the quarter while textiles, leather and clothing production was 1.6 per cent lower, both reflecting the mild autumn weather.

In November, the all-industries index stood at 110.1 (1975=100, seasonally adjusted) compared with 109.2 in the previous month.

On a longer-term comparison, the all-industries index in the three months to November was about 12 per cent above the trough in the third quarter of 1975, but this owed a lot to rising North Sea oil production. the indices for industries outside the oil and gas sector and for manufacturing rose by roughly 5½ per cent over the same period.

DEMAND AND OUTPUT

		Consumers' expenditure at 1975 prices	All industries output	Manufacturing output
		£m	1975=100	
1977	1st	15,619	105.5	103.9
	2nd	15,495	105.6	102.5
	3rd	15,777	106.2	103.1
	4th	15,841	105.8	102.0
1978	1st	16,311	107.1	102.4
	2nd	16,370	111.1	105.0
	3rd	16,810	111.6	105.3
	4th	16,770*	—	—
September		—	111.0	104.7
October		—	109.2	102.9
November		—	110.1	103.4

* First preliminary estimate. All figures seasonally adjusted. Source: Central Statistical Office.

Weather

Expenditure on food, clothing and footwear and beer increased. But spending on fuel and light fell during the quarter, partly reflecting the mild autumn weather. Expenditure on motor vehicles also fell back.

Consumer spending in the second half of last year was 2¼ per cent higher in the previous six months and 6¼ per cent higher than in the second half of 1977.

UK 'likely to lose cab spy case'

By Guy de Jonquieres, Common Market Correspondent

INDUSTRIAL RELATIONS in Britain's road haulage industry will face renewed strains soon if, as seems likely, the European Court of Justice rules against the UK Government next month because of its failure to implement an EEC requirement that tachographs be fitted to heavy lorries and coaches.

The Advocate-General, M. Henri Mayras, yesterday recommended in Luxembourg that the court uphold charges brought by the European Commission alleging that the UK had failed to carry out its obligations under the Rome Treaty.

While the judges are not bound to follow the Advocate-General's recommendation, in most cases they do. Moreover, most EEC legal experts believe the case is a straightforward one of treaty infraction which Britain stands little chance of winning.

No firm date has been set for the court's final decision. But if it follows normal procedures, this will be handed down in about three weeks' time.

Tachographs are mechanical devices which record the hours which a vehicle spends in motion and at rest, as well as the miles driven.

Their installation became mandatory at the start of 1976 for heavy goods and passenger vehicles, as well as for vehicles carrying dangerous goods. The rule was extended to cover all vehicles in these categories from the start of this year, although those weighing less than six tons and operating within a 50-km radius have been exempted until the summer.

The Commission opened formal proceedings against Britain in October, 1977. After failing to persuade the UK to budge, it sent the Government a warning last February giving it two months in which to comply with the tachgraph rules.

The Government has argued that it would be unwise to make the tachograph compulsory while unions remained as strongly opposed to the device as at present. Attempts to force the issue could lead to disruption and demands which could not be accommodated within the aims of the Government's wage restraint policies.

Britain claims it has gone some way to meeting EEC requirements by introducing checks to ensure compliance with laws on drivers' hours

£6m DEFICIT IN HOUSING CORPORATION ACCOUNT DISCLOSED

No question of impropriety

BY MICHAEL CASSELL

THE HOUSING Corporation yesterday disclosed a £6m deficit on its general revenue account for 1977-78 and warned that it could also incur a deficiency in its administration budget this year.

Details of the losses in 1977-1978 were included in the corporation's report and accounts which were due for publication in December but which were held up after last-minute doubts over their accuracy. After examination, however, the accounts were unchanged.

Announcing the deficit, Sir Lou Sherman, chairman of the corporation—which controls and funds the housing association movement—emphasised that there was "no question of impropriety or dishonesty" nor had there been any overspending.

He said the corporation's difficulties stemmed from its "extraordinary" system of financing and that there was a need to review the procedures by which the corporation was funded and the ways in which it, in turn, financed housing associations. Such problems should not obscure the substantial achievements which both had been recording and which looked set to be improved upon in the future.

Sir Lou added: "There is no question that we now need more simplified procedures to replace methods which have also helped restrain our growth." The comporation needed to examine, with central government, the type of changes required, and a dialogue to that end with the Department of the Environment and the Treasury was under way.

Sir Lou said he could not elaborate on the corporation's suggestions for reform, but he hoped more details on likely changes could be made known within the next thre months. The pressure would be on all the parties involved to work out a new formula.

Attempting to account for the £6m shortfall, Sir Lou admitted that the corporation's method of financing was "extremely complicated and difficult to describe" and that it was "doubly difficult to explain simply the many Metal Box plants. Its factors which led to the deficit."

The corporation has two ways of financing itself and its business. First, it charges associations a 1 per cent levy on the cost of the schemes it funds and this is used to meet its own administrative overheads.

Secondly, it has to finance all its activities from borrowed money—nearly all of it long-term finance from the Government's National Loan Fund. Borrowed at different times and at fixed interest rates, the money has to be balanced with the income from the loans made to housing associations. Sir Lou said the complex system of financing made this "highly complicated."

Of the £6m deficiency, which brings the corporation's accumulated deficit to £7.8m, Sir Lou said that £1m was directly attributable to abortive costs involved in housing schemes hit by public expenditure cuts. The remainder broadly represented the gap between the total cost to the corporation of borrowing from the Government and the total interest earned from loans.

The corporation's report commented: "Because of the mechanics by which the corporation is funded, it had more cash in its hands during the year than it immediately required for lending to associations, and so was forced to put money bearing high, long-term interest rates temporarily on short-term deposit, thereby losing on the turn on interest.

"We were also required to make advances of grant to associations in advance of receiving grant monies from the relevant Government departmetns, and to use borrowed money to finance non-interest bearing elements, including land holdings."

Yesterday's disclosure will certainly increase outside pressure for the type of reappraisal mentioned by Sir Lou. The activities of the Housing Corporation have been coming under closer public scrutiny as the organisation has mushroomed and, last year, it was criticised by the Public Accounts Committee, which said it should become fully accountable to Parliament.

The committee called for the Comptroller and Auditor-General to have access to the corporation's books and records and, yesterday, Sir Lou said it was making them available so that a full examination of the system in operation could take place.

Since being set up in 1964, when it made just £4m available for cost rent and co-ownership housing schemes, the corporation has grown to become the central body for funding, supervising and controlling the activities of the 2,700 housing associations now on its register.

The associations' finances are also being investigated by the committee, which complained at the confidential status of their acounts and reported a "disturbing picture" in some associations "which could involve the misues of public funds."

Between them, the associations account for more than 20 per cent of all public sector housing starts and in 1977-78 more than 22,000 homes were completed or improved by associations using nearly £230m of Housing Corporation finance, the highest annual total so far recorded. In the same year, the corporation agreed to fund 42,000 new homes, which together with extensive rehabilitation work, will cost an estimated £444m.

Amoco and Murphy win record £100m refinery leasing deal

BY KEVIN DONE AND MICHAEL LAFFERTY

A £100m leasing deal, the biggest yet agreed in the UK, has been arranged by Amoco and Murphy Petroleum to finance the expansion of Amoco's refinery at Milford Haven, South Wales.

The two U.S. oil companies are building a catalytic cracking unit at the refinery at a cost of £83m.

The plant is designed to convert heavy fuel oil into lighter products such as petrol. The oil industry has embarked on a large investment programme in Western Europe to up-grade its refineries to meet the changing pattern of demand for oil products.

The leasing deal has been arranged by Citicorp International Bank and Lloyds Leasing. The finance is being provided by a partnership of nine banks.

The partnership, Albion Leasing, involves Barclays Mercantile Industrial Finance, Lloyds Leasing, Lombard North Central Leasing, Midland Montagu Leasing, Royal Bank Leasing, Citicorp International Bank, City Leasing (a subsidiary of Morgan Grenfell), Williams and Glyn's Leasing, and European Banking. Lloyds Leasing is the manager of the partnership.

A small number of other refinery projects have been financed by leasing deals—principally the Lindsey refinery built by Total and Petrofina on Humberside—but the Milford Haven scheme is by far the biggest facility of this type ever written in Britain.

The banks are hopeful that the deal reached with Amoco and Murphy will open the way to similar business in fields such as oil, shipping and aerospace.

Laker suggests £204 return Australia flights

By Michael Donne, Aerospace Correspondent

SIR FREDDIE LAKER, pioneer of cheap Skytrain transatlantic flights, believes that he can offer a return fare between London and Sydney for £204, off peak, £130 cheaper than the cheap rates recently announced by British Airways and Qantas.

British Airways and Qantas will charge £334 off peak and £588 in peak months, respectively £116 and £42 cheaper than hitherto.

Sir Freddie, speaking on Australian radio, said that he could offer £204 off peak and £455 in peak months, undercutting British Airways and Qantas rates by £130 and £133 respectively.

U.S. judge rules against Caplan

By Stewart Fleming in New York

Judge Robert Firth of the U.S. District Court in Los Angeles, has ruled that Mr. Gerald Caplan, the former chairman of London and County Securities, can be extradited to Britain to face charges in connection with the collapse of the bank.

Mr. Caplan has been fighting to avoid extradition. In his ruling, the judge said that, probably by next Tuesday, he would provide the U.S. Government attornies, who have been seeking the extradition ruling, with a brief memorandum which would guide them in preparing the extradition order. This must be filed 10 days later, probably about January 30.

But Mr. Caplan would then be free to appeal against the order, and ask Judge Firth for a stay of extradition pending the appeal.

It is impossible to predict what the Appeal Court might do, but assuming it decided that Judge Firth's initial ruling yesterday looked sound in law, it could refuse to grant a stay and Mr. Caplan could then be extradited, perhaps by the end of next month.

NEB ups Cambridge Instruments stake

BY MAX WILKINSON

THE NATIONAL Enterprise Board has decided to put an extra £1.5m into the losing Cambridge Instruments. This brings the Board's total investment in the company to £9m.

Cambridge Instruments makes electron-beam microscopes and equipment for electron-beam lithography in the micro-electronics industry.

It is therefore regarded as a key company in the new high technology electronics industries, in which the NEB has recently taken an interest.

Its profit performance has not been good. Last year the company hada pre-tax loss of £3.4m despite hopes that losses could be reduced from the 1977 figure of £2.9m.

The NEB's arrangement involves a subscription for £3m-worth of new shares at 1p each. This will increase the NEB holding in the company to 87 per cent.

Of this £2.1m will be used to pay off loans, including a short-term one from the NEB. A bank facility for £1.8m more working capital will be raised as part of the deal.

An NEB spokesman said yesterday that the net effect of the deal was that the NEB would put £1.5m into the company.

Last year's losses included a write-off of £400,000-worth of stock and reflected problems of high interest rates and foreign exchange.

Cambridge Instruments sells its products to a highly sophisticated market of expert customers. The value of each piece of equipment is very high.

Esso to stop sales of five star petrol

ESSO is to stop selling five star petrol in the UK at the end of March. The decision follows similar moves late last year by Shell and British Petroleum.

Esso said that total sales of five star now accounted for less than 1 per cent of the UK petrol market. This meant it was no longer economic for the company or its individual retailers to stock the grade.

The group pointed out that since 1974 UK car engines have been designed to run on four star which corresponds to the premium quality grade available on the Continent—and that few car owners would be affected by the decision.

Cars designed to run on five star, including pre-1977 Rolls-Royces, can be adapted to take a lower grade.

Colliery project exhibition

A NATIONAL Coal Board exhibition opened in Stafford yesterday to show details of a projected colliery development which will provide 2m tons of coal a year from East Staffordshire.

Mr. Ray Hunter, Western area director, said yesterday: "If there is to be a public inquiry into the proposals, then the sooner the better."

Finance houses seek changes in Banking Bill

BY MICHAEL LAFFERTY

FEARS that the Banking Bill would discriminate against finance houses were expressed to the Treasury yesterday by Mr. Joe Skelton, chairman of the Finance Houses Association.

The finance houses are worried that the Bill would categorise them as licensed deposit-taking institutions. As such they would not describe themselves as banks or providers of banking services.

Mr. Skelton feels that less reputable or well-established foreign-based "banks" would be much less restricted under the Bill.

Hopes of changing this part of the Bill have been encouraged by Government assurances, repeated last week, that some amendments were being contemplated.

Judge to decide on promotion

A HIGH COURT judge will give a decision next week on whether Imperial Tobacco's Spot Cash cigarette promotion scheme is legal. The company has sought a declaration from Mr. Justice Donaldson, in advance of a pending prosecution by the Director of Public Prosecutions over the scheme, a lower grade.

Major alert at risk plants

BY MAURICE SAMUELSON AND STEWART DALBY

HIGH-RISK plants containing potentially-explosive materials have been put on major alert amid signs that the Provisional IRA has launched its most dangerous campaign yet on the British mainland.

This follows Wednesday night's explosions at Canvey Island on the Thames estuary, one of Britain's biggest fuel depots, and at a gas holder in Greenwich, where there was a big fire.

Although there was no fire at Canvey Island, fears grew among its 33,00 inhabitants that a fire could become a "holocaust."

Mr. Merlyn Rees, the Home Secretary, told MPs yesterday that the threat of further attacks remained high and called for public vigilance and co-operation with the police.

Police and army officials in Northern Ireland described the renewed outburst of IRA violence in the UK as part of a long-term campaign to make the Ulster question an issue again for the British people before a General Election. They believed it was planned in Dublin, where the Provisional IRA has its general headquarters.

At Canvey Islan, which contains a fifth of the UK's refining capacity, the bomb blew a hole in a tank of aviation fuel in the Texaco storage area.

Although the tank holds more than 1m gallons, it contained only 130,000 gallons of kerosene at the time, which failed to ignite and poure out into a safety moat.

Ignited

At the South Eastern Gas Board's Greenwich works, however, 8m cubic feet of gas ignited and other gas holders were threatened. People were evacuated from both areas, and there were no casualties. A third device was found beside the M60 motorway near Rugby. It was defused by the Army.

About an hour after the Canvey Islan blast, but before that at Greenwich, a man with an Irish accent telephoned the Press Association news agency and said that the IRA had planted bombs at Canvey Island and at the south entrance of the Blackwall tunnel.

"For goodness sake do something about it. We want the area cleared because people are living there," he said.

The Greenwich explosion happened as police were searching the Blackwall tunnel. More than 100 firemen tackled the blaze which was visible from central London, five miles away. The fire spread to a second gas holder, but this was quickly extinguished.

Scotland Yard and Northern Ireland security officials are convinced that IRA "sleeper" units have been re-activated in Britain. Threats to spread the bombing campaign to the mainland were made before Christmas and were followed by bombs in London, Manchester and other cities.

Commander Peter Duffy, head of Scotland Yard's anti-terrorist squad, said the attacks at Canvey Island and Greenwich were "determined and planned events" against "comparatively hard" targets.

At Canvey Island, residents have urged oil companies to tighten security drastically to protect them from further attacks. The Texaco farm, with its 25 tanks, is close to the British Gas methane terminal and the London and Coastal Oil wharves. The area also contains refineries belonging to Shell and Mobil, a Calor Gas bottling plant and Fison's ammonium depot.

Timing

In Northern Ireland, the timing of the attacks is being linked with Parliament's passage o fthe Bill granting more seats to Ulster. Even moderate Northern Ireland Catholics consider that the extra seats—possibly five or six—taking the total to 17 or 18, will re-inforce the strength of the Protestant Ulster Unionists.

IRA leaders are known to feel particularly angry that the Labour Party conference last October refused to put Northern Ireland on the agenda. The IRA is anxious that Ulster be an issue for all the British political parties.

Police in Northern Ireland discounted suggestions that the explosions were directly linked with Wednesday's detention of four Irishmen near London for questioning in connection with last month's bombings in Britain.

Profits warning on price rise delay

By Our Consumer Affairs Correspondent

A LEADING firm of stockbrokers yesterday predicted that many companies' profits could be adversely affected if the Government's plans to scrap the safeguard regulations are implemented.

Phillips and Drew point out in a circular on the proposed changes that "without an interim award, many companies could be pushed into a break-even situation during the four-month investigation period."

The effect on profits "will plainly be adverse," it says, but the degree will depend on the Price Commission's attitude and the number and type of investigations which take place.

Longer freeze

The safeguard regulations basically ensure that profit margins do not fall below certain levels during the three-month Price Commission investigation.

With the initial one-month notifying period made compulsory for large companies, the freeze on prices without the safeguards could last for at least four months.

Phillips and Drew suggest that companies likely to be first to face the strengthened Price Commission could be the major brewery companies who are seeking an average 3p per pint price rise.

"At this time it is impossible Price Commission would take, but without an interim award there would be a not inconsiderable loss of profits."

The circular concludes: "It is to be hoped that the legislation is not passed."

Woolwich chief warns of mortgage famine

BY EAMONN FINGLETON AND MICHAEL CASSELL

HOME BUYERS face a mortgage famine this year, a building society leader said yesterday.

Mr. Alan Cumming, chief general manager of the Woolwich Equitable, said that the society was being forced to cut by one-fifth the number of mortgages granted in the first six months. Other societies would have to make similar cuts.

The crisis had been triggered by continuing disappointing investment by savers, and by the recent big increase in house prices.

The Woolwich was planning to advance about the same amount of money this year as last year but, as it was expecting a further increase of about 15 per cent in house prices this year,t his meant a considerable reduction in mortgages.

"Mortgage rationing will be severe and will continue."

Mr. Cummings was announcing the Woolwich's figures for last year, and said he could see no early cut in the present 11¾ per cent mortgage rate.

Expansion

Societies would probably wait tow or three months after any general reduction in City interest rates before making a cut. Interest rates could rise again before the end of the year.

He called for more building society mergers as a way to slow the movement's controversial branch expansion programmes. Within about three years the movement's branch networks would have saturated the country and the movement had already reached saturation point in some areas.

Woolwich assets amounted to £2.16bn at the end of last year, representing growth of 15.4 per cent.

During the year it lent £478m on 42,000 homes—almost a 20 per cent rise on the previous 12 months.

The total number of investors rose from 1.28m to 1.46m while borrowers increased from 268,000 to 281,000. The society's liquidity ratio fell 2 per cent to 17.1 per cent.

Scotch distillers attack duty-free samples curb

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE SCOTCH whisky industry yesterday strongly attacked new Customs and Excise regulations on drawing duty-free samples from bonded warehouses.

The regulations are to take effect from the beginning of next month. They involve the distillery companies in much more paperwork when drawing samples.

The Scotch Whisky Association said that the new regulations would "place an added burden on an industry which already pays heavily to support the collection of excise duty."

Duty-free samples of about a tenth of a gallon are drawn from casks for the sake of quality control.

That, the association says, "has been a perfectly legal and recognised trade practice which has been established for 120 years and has been operated openly with the full knowledge of Customs and Excise."

Any remaining whisky is used in promotions for charity or for sale on the UK market.

The tighter Customs and Excise controls came after criticism from the Commons Public Accounts Committee that the amount "lost" on duty-free samples from all spirits approached £7m a year.

Duty paid by whisky distillers on the 15 per cent of sales for the UK market amounted to £450m.

Rolls and Bentley car output breaks record

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A RECORD 3,347 Rolls-Royce and Bentley cars were delivered last year, Mr. David Plastow, managing director of Rolls-Royce Motors said yesterday.

This was a 16 per cent improvement on the 2,872 cars produced in 1977, a year when output suffered from industrial disputes and the difficulties associated with the introduction of the Silver Shadow II.

Last year's performance was also marginally better than Rolls-Royce's best ever, in 1976, when it delivered 3,261 cars.

Mr. Plastow said that 60 per cent of last year's output was exported and that, together with exports of diesel engines, it pushed the value of the group's exports up by a third from £45m in 1977 to £60m.

"These figures confirm that the company's decision to invest heavily at a time of economic recession was fully justified.

"Since Rolls-Royce Motors became a public company in 1973 it has invested £37m and is planning further capital expenditure of at least £30m over the next two years, not only for motor cars and diesel engines but also for all other products."

The programme must represent one of the largest commitments in relation to company size by any British manufacturer today.

Southwark town hall plan approved

By Paul Taylor

THE LABOUR - controlled London Borough of Southwark yesterday approved controversial plans to build a new town hall complex after a noisy six-hour debate. The complex, which includes a shopping centre, will cost £28.5m at last year's prices.

Mr. Peter Shore, Environment Secretary, is considering the plan, which has caused a wave of public protest in Southwark and a split in council's Labour Party group.

The council meeting, which began at 7 pm on Wednesday and did not finish until early yesterday, was attended by about 200 members of the public.

Eleven Labour party "rebels" who had previously opposed the scheme and have been expelled from the Labour group, were joined by three party colleagues and the eight Conservative councillors in voting against a three-part motion approving the development, which was carried by 34 votes to 22 votes.

The final cost of the scheme could be more than £50m, and Mr. Shore must decide whether to order a public inquiry. He has already barred the council from giving itself immediate planning approval

Spanish team to visit Gatwick

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A DELEGATION from the Spanish Government is to visit the UK next week, to see what Gatwick has to offer as an alternative to London's Heathrow airport

The visit is seen as a major development in the dispute between the UK and Spanish Governments over the British Department of Trade's insistence that Iberia, the Spanish airline, move its flights to Gatwick from Heathrow to ease congestion.

Iberia, following a High Court action late last year, won a pledge that neither the Department of Trade nor the British Airports Authority would force it to move its scheduled flights to Gatwick, affecting up to about 1m passengers a year, without a formal UK Government notice to quit Heathrow.

The UK has been reluctant to issue this order, preferring to settle the matter by negotiation. The invitation to the Spanish authorities is part of the negotiations.

The UK Government and the British Airports Authority believe that a move to Gatwick is in the airlines' long-term interests. In addition to Iberia, the authorities want to see TAP of Portugal, Gibair of Gibraltar and Air Canada moving together with some British Airways' flights.

Some Scandinavian Airlines System flights will operate from Gatwick this summer, as a result of the recently revised agreement.

Social Security users' aid plan

By Paul Taylor

SOCIAL SECURITY benefit claimants should be represented on "users' consultative groups" set up at local social security offices on a trial basis, said a report published yesterday by the Supplementary Benefits Commission and endorsed by Mr. David Donnison, the commission's chairman.

The report, prepared by Mrs. Anne Richardson, of Chelsea College, London University, recommends that consumer groups should be established to improve the service provided by local offices.

Mrs. Richardson suggests the setting up of one or two trial groups composed of a cross-section of claimants or claimants' representatives as well as local voluntary organisations and local social security office staff.

Money supply rises by 1%

BY DAVID FREUD

MONEY SUPPLY on the broader definition of sterling M3, including cash, current and seven-day deposits, rose 1 per cent in the four weks to mid-December. On the narrower definition, sterling M1, the rise was 1.6 per cent.

Domestic credit expansion moved up £832m, seasonally adjusted, rather faster than in recent monts.h Bank lending rose by £390m, a little above te recent average.

GROWTH OF MONETARY AGGREGATES (£m)

	Money Stock M1			Money Stock M3 Sterling			Bank lending*		Domestic credit expansion	
	Unadjusted	Seasonally adjusted	%	Unadjusted	Seasonally adjusted	%	Unadjusted	Seasonally adjusted	Unadjusted	Seasonally adjusted
1977										
Dec. 14	663	233	1.1	828	442	1.0	44	308	504	161
1978										
Jan. 18	−256	617	2.8	60	1,036	2.4	747	192	−349	254
Feb. 15	113	475	2.1	386	1,047	2.4	342	287	214	940
March 15	345	142	0.6	359	292	0.6	309	560	546	598
April 19	813	369	1.6	1,755	1,152	2.5	391	259	2,043	1,431
May 17	201	213	0.9	416	403	0.9	527	738	947	1,112
June 21	−309	−94	−0.4	208	148	0.3	642	536	522	313
July 19	763	409	1.7	935	514	1.1	1,006	559	644	110
August 16	134	15	0.1	−496	−481	−1.0	−164	262	−366	−292
Sept. 20	138	510	2.1	479	570	1.2	12	202	545	712
Oct. 18	487	251	1.0	543	517	1.1	409	351	574	540
Nov. 15	30	−61	−0.2	246	106	0.2	284	343	120	110
Dec. 13	987	391	1.6	934	471	1.0	5	390	1,254	832

* To private sector in sterling including Bank of England Issue Department holdings of commercial bills

Source: Bank of England

Approval sought for £200m coal plan

BY JOHN LLOYD

THE SOUTH Wales area of the National Coal Board will seek approval soon for a large investment programme, spread over the next five years, thought to cost about £200m.

A paper, containing proposals for putting the coal field—which lost £27m last year—back on a propore financial footing, will be presented on Monday to a meeting of a group set up to study the problems of South Wales by Mr. Philip Weekes, the area director. The group is chaired by Mr. Anthony Wedgwood Benn, the Energy Secretary.

Mr. Weekes said yesterday that it would take five years of continued and planned investment to modernise and extend collieries' coal preparation and solid fuel plants before the field would show a return. He would not confirm the amount required.

Closures

It is thought that his proposals will include suggestions for the closure of some of the more uneconomic collieries in the area. This is likely to be strongly opposed by the South Wales National Union of Mineworkers, and by the union nationally as well. Only one South Wales pit—Deep Duffryn—has been named publicly for closure.

The mineworkers' national executive voted two months ago to refer any closures to membership on industrial action. Three other collieries—Teversall in Notts, Woodall in Northumberland and Granville in the Midlands—are also marked for closure.

Mr. Emlyn Williams, president of the South Wales union, said yesterday: "There is more feling in the union on closure than there is even on wages."

A public inquiry is to be held into the National Coal Board's proposal to start opencast mining at a site in Cumbria.

Objections to the proposal have been made by Cumbria County Council and others—mainly on environmental grounds. The Coal Board expects to obtain 1.1m tonnes of high quality steam raising coal from the 399-acre site if it is allowed to go ahead with the operation.

The Department of Energy said yesterday that the inquiry would be held on February 27 and would be chaired by Mr. C. Danby, a planning inspector at the Department of the Environment.

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Sharp rise in orders for machine tools

By Hazel Duffy, Industrial Correspondent

A BUOYANT intake of orders for the machine tool industry is shown in official figures published in Trade and Industry today — the increase in export orders being particularly marked.

Total net orders during the third quarter of 1978 were 14 per cent higher than in the second quarter, with export orders up by 36 per cent.

September saw a particularly strong increase, and Department of Industry officials are reserving judgment on whether this constituted an isolated peak or represents a more general improvement.

The July-September quarter was the first quarter for some time that new export orders have exceeded export sales, so that the value of export orders on hand has at last turned up a little on this latest quarter, alhough still below the value of a year ago.

But the strength of the new order intake is sufficient for the increases to be described as of "appreciable magnitude" even after taking into account inflation and the usual seasonal patterns.

This is confirmed by the fact that total net orders in the third quarter were 32 per cent up on the same period a year earlier, broken down into a 20 per cent increase in home orders and 53 per cent increase in export orders.

Rolls workers accept 'pay guideline' deal

BY PAULINE CLARK, LABOUR STAFF

ROLLS ROYCE claimed a major victory yesterday in its battle to keep pay increases within Government guidelines when 1,500 workers at its Barnoldswick plant, Lancashire, ended teir nine-week-old pay strike.

A mass meeting of the strikers voted overwhelmingly for an immediate return to work after further consideration of a previous company offer.

This included a basic pay increase within Government guidelines with provision for another 14.5 per cent through a self-financing productivity deal.

Shop stewards had recommended a continuation of the strike after challenging an instruction last week by the executive of the Amalgamated Union of Engineering Workers to call off the action.

The State-owned company, which employs 30,000 workers in plants throughout the UK, hopes that an overtime ban in support of the strike being operated in other plants will also be called off.

More than three-quarters of Rolls-Royce's workers have either settled within Government pay guidelines or are apparently, making progress on negotiations within those terms.

About 6,000 workers in Bristol allowed a within-guidelines settlement to be imposed without union formal agreement last August. In Scotland, leaders of 5,000 workers are considering a package offer with a self-financing productivity deal and similar terms are also being offered to 10,000 at Derby.

The Barnoldswick settlement could auger well for the outcome in Scotland and Derby.

In common with other engineering companies tied to the engineering national agreement, Rolls-Royce has had special difficulties with pay negotiations this year because of the need to offset the cost of increased shift and overtime payments against basic pay increases.

The offer on basic rates thus has had to be restricted to 1.8 per cent, although Rolls-Royce has promised to make up the remaining 3.2 per cent as soon as Government policy allows.

The Barnoldswick productiivty deal is described as "an extension" of last year's bonus scheme. It will give a 14.5 per cent pay increase for a 15 per cent increase in productivity.

The strike has caused hold-ups in the supply of some components and is said to have dalayed development work on the RB2 11 engine. But Rolls-Royce said that it hoped to make up for the setback with the co-operation of the workers. Full production is expected by Monday.

ABOUT 3,000 members of the Royal College of Nursing gathered in Westminster yesterday for a rally over pay. After a meeting in Central Hall, they marched to the Commons to lobby MPs. The nurses are protesting at the Government's failure to allow them to be made a special case outside its pay policy to compensate for a deterioration in nurses' pay standards since the 1974 Halsbury award.

Teachers give 'fair deal' warning

By Michael Dixon, Education Correspondent

WARNING of severe consequences for schools unless teachers in England and Wales received a "fair" pay increase on April 1 is given in a pamphlet published today by the National Union of Teachers.

Although this year's claim for 468,900 State schoolteachers has not been formulated yet, the NUT has an absolute majority in the union's panel of the Burnham Committee, which will work out the pay demand this month.

The pamphlet — Kept Behind — the teachers' case for fair pay—argues that an average rise of about 30 per cent is needed to restore schoolteachers to the salary position, relative to that of comparable workers, which they were accorded by the official Houghton Inquiry in 1974.

Times union to continue closure fight

UNIONS REPRESENTING 3,000 Times Newspaper employees decided yesterday to continue to fight the closure of The Times and Sunday Times.

They set up an all-union liaison committee comprised of print workers and journalists to secure the "unconditional reinstatement of all staff, either dismissed or serving out notice."

The committee, which has been joined by representatives from Sun Printers in Watford—where The Sunday Times Magazine is published—also deplored the suspension of publication which had "jeopardised thet freedom of the Press and the livelihods of our members."

Allen to quit USDAW post

LORD ALLEN, chairman of the TUC Economic Committee, is to retire as general secretary of the Union of Shop, Distributive and Allied Workers in July.

He has been an official of the union for 33 years and general secretary for the past 17 years.

He was appointed area organiser in 1946 and national officer in 1951, a post which brought him in close contact with large and diverse sections of the union's membership. He was officially elected to the post of general secretary in 1962.

Water workers action threat even if settlement reached

BY PAULINE CLARK, LABOUR STAFF

THE NATIONAL Union of Public Employees, representing 30 per cent of the country's water an dsewage workers, said yesterday that its water workers would take part in the national campaign of action by public service workers from next week—even if a pay settlement was reached before the weekend.

The water workers are among the most powerful groups in the present battle over pay in the public sector. Their involvement in Monday's co-ordinated day of action with local authority manual workers and in any selective industrial action which may follow could be a big threat to public services.

Unofficial action over pay by water workers in Northern Manchester has already left 2,000 homes without water supplies. If the water workers took industrial action, disruption of maintenance of pumps, screens and mains water pipes could lead eventually to dislocation of supplies to whole areas.

Meanwhile, action by sewage workers would also affect maintenance of equipment and could force sewage works to dispose of untreated effluent in rivers.

The General and Municipal Workers Union, which represents half of the total 33,000 water workers, however has not committed itself to calling out its members pending the outcome of negotiations.

NUPE said yesterday that its members would be required to ballot on any settlement, which might be reached as a result of resumed talks yesterday with employers and this could not be completed before Monday.

It said that the settlement woud have to meet the union's stand on achieving a £60 minimum for the low paid and any increase was unlikely to be of that order.

So far, the water workers have been offered a 9.3 per cent increase with an efficiency bonus. The present minimum basic pay is £44.72 for the lowest grade and £51.33 for the highest.

Telecommunications warning

FINANCIAL TIMES REPORTER

THE POST OFFICE Engineering Union would fight any attempt to break up the Post Office's monopoly over telecommunications, Mr. Roger Dorlington, a union research officer, told the Conservative Computer Forum last night.

Last y ear, Sir Keith Joseph said that a future Conservative government would establish a free market in subscribers' apparatus and would consider also establishing competition within the postal service.

Mr. Darlington said that the union would see de-regulation "as a threat to our members' jobs and a set-back to the successful operation of the business.

"The handing over of lucrative markets to private enterprise would reduce the profitability of the business, which would undermine its enormous investment programme.

"This in turn would set back the modernisation of the network upon which all of us in the information sector of the economy depend."

Rather than mount "a politically divisive battle" over the monopoly, there should be collaboration on achieving a split in the Post Office structure, between posts and telecommuni-

Welsh Assembly 'a financial snip'

BY ROBIN REEVES, WELSH CORRESPONDENT

A WELSH ASSEMBLY would be a bargain for Welsh taxpayers, costing them only ½p per person per week, or less than the price of a packet of *cigarettes a year*, according to its Welsh supporters.

In a detailed study published yesterday, the Wales for the Assembly Campaign refuted claims by its opponents that a referendum decision in favour of the Cardiff Assembly on March 1 would involve an unreasonable financial burden.

According to the latest government estimate the annual running cost of the Welsh Assembly will be £13.7m, which the study compares with £25m for the upkeep of UK military bands and £31m a year for running Westminster.

The £3.5m capital cost of converting the Cardiff Coal Exchange for use by the Assembly is contrasted with £3.6m spent on building the House of Commons underground car park.

In more serious vein, the study stresses that both the Welsh and Scottish Assemblies will be paid for by the UK as a whole. The Welsh taxpayers' share therefore works out at less than £600,000—½p per person per week, or 0.00022 per cent of public expenditure in Wales of £2,723m

The study argues that in most of the sectors to be devolved to the Assembly—such as housing, health and education—Wales at present receives barely its per capital share of UK resources; whereas areas where Wales gets significantly more than its share per head—for example social services—are to remain under Whitehall control.

But equally the Assembly would give Wales both greater bargaining power in securing more funds from Whitehall and better control over the spending of public funds in Wales.

The study also counters a recent claim by the National Federation of Self-Employed and Small Businesses that the Assembly would mean a steep increase in local authority rates and bankruptcy for 60 per cent of small businesses in Wales within five years.

This claim has got the devolution campaign off to a lively start.

The study stresses that the local authority share of the Treasury's block grant to the Assembly would be earmarked by the Treasury and allocated at the beginning of the financial year and would not be available for any overspending by the Assembly.

Moreover, the Wales Act *gives the Assembly borrowing* powers to meet any deficit arising from "accidental overspending," while any underspending — as happened last year with the Welsh Office budget—could be passed on to local authorities to help keep down rates.

The Assembly: a Bargain for Wales, by Barry Jones and Gethin Williams. Wales for the Assembly Campaign, 90, Neville Street, Cardiff.

Backing pledge for farm hands

BY PAULINE CLARK, LABOUR STAFF

UNION leaders of more than 85,000 farm workers will tell their members this month that if they want to take industrial *action on pay aaginst individual* employers the union will support them.

The message to be sent out by Mr. Jack Boddy, general secretary of the National Union of Agricultural Workers, follows a union decision to treat national wage agreements as only a pay reference point.

This would compare, for instance, with the national agreements for the engineering and other big industries where pay increases negotiated at national level are treated as minimums in the local pay negotiations which follow.

The union's decision to make official any action by members who are dissatisfied with pay levels settled with the Agricultural Wages Board could lead to significant labour disruption on farms for the first time, but only members who are well organised and working for big farms are expected to respond initially.

The union, which represents one of Britain's biggest group of low-paid workers, failed last year to persuade the Government to make Britain's 300,000 farm workers a special pay case.

A settlement was reached finally in December, giving an average 13 per cent increase in earnings.

The union says that 80 per cent of its members are under the new £70 low-pay minimum set by the Government, but that the Prime Minister's concession would make no difference to their position as they had already received a pay increase of more than £3.50.

STRIKE EFFECTS

European shipments and output badly hit

BY OUR FOREIGN STAFF

THE LORRY drivers' strike has severely hit some European companies. With storage space dwindling at British ports and mounting stocks in European plants, some factories have cut production and others say that only 10 per cent of normal shipments are getting through.

NORWAY: Because Britain is one of the country's most important trading partners, the strike has already had a significant impact on Norwegian export industry.

Many companies have completely stopped shipments to the UK and are stockpiling output. Some manufacturers relying on goods from Britain are also beginning to be affected.

Norsk Hydro's aluminium plant at Karmoy in West Norway has suspended metal shipments to the UK, where it has two rolling mills which depend on primary metals supplied from Karmoy.

Shipments of fresh and frozen fish to Britain have also been stopped. Fresh fish suppliers are reported to have lost considerable sums as a result.

SWEDEN: The concerns most threatened are Volvo and the shipping companies. Volvo will have to stop production at its Torslanda factory from January 29 if the strike continues until then. Most critical is the stoppage of deliveries of Borg Warner automatic gear boxes.

DENMARK: Agricultural exports to the UK are seriously affected. Only small amounts of butter and bacon are getting through. ESS-Food, the bacon export association, said that only about 10 per cent of the normal weekly shipments of 3,500 tonnes are reaching suppliers.

ESS-Food has already ordered slaughterhouses to cut pig killings by 25 to 35 per cent this week and the price to the farmer for prime bacon pigs has been slashed from Kr8.40 to Kr6.60 (£2.22) which effectively cuts out any profit for the farmer.

ESS-Food will decide tomorrow in the light of developments in the UK what instructions to give the slaughterhouses for the coming week.

IRELAND: Foreign trade has ground virtually to a standstill as bad weather and Christmas holidays combined with the effects of British strikes caused both imports and exports to fall in December. Provisional figures show that imports last month at £243.9m was £7m lower than in December, 1977, while exports valued at £221m fell by £2.8m.

The downturn in exports was due mainly to sharp falls in shipments of livestock and dairy products. These were accompanied by fall-offs in fish and metal ores.

HOLLAND: More than 80 per cent of freight shipments from Holland have been halted, creating serious financial difficulties for a number of companies, the Dutch Road Haulage Association said. Most ferry services to UK ports were refusing to take trailers and containers without an accompanying driver since they cannot be moved once they are unloaded and they are clogging the terminals in Britain, Mr. Roelf Zuur, a spokesman for the association said.

Containers and trailers are piling up in the Dutch ports and a major Rotterdam company, Europe Container Terminus, said it was approaching capacity. Very few unaccompanied trailers and containers are being accepted by the ferry services although the Olau Line from Flushing to Sheerness is taking some, the association said. Only about 15 per cent of loads are normally accompanied. These are mainly vegetables and fruit, fish and meat products and house removals.

Strikers still blocking supplies at docks

STRIKING DRIVERS yesterday ignored union guidelines to allow essential supplies through many British ports.

At Hull, they stepped up their action with attempts to stop foreign drivers leaving the port.

The local strike committee planned a meeting with dockers employed by North Sea Ferries in an attempt to start joint action against all incoming lorries.

Fish stocks were released again at Grimsby, Lowestoft, Plymouth and Fleetwood. Picketing eased at Immingham and imports of Danish bacon were allowed through.

Space at the port was said to be running out rapidly.

But Tilbury Docks, London, came closer to being shut down yesterday. Dockers continued to discharge imports and cargoes were loaded into barges for temporary storage as over 500,000 tons of raw materials and goods piled up.

Most export cargoes have already been shipped and yesterday only 4,000 tons of exports remained, equivalent to one small ship-load.

A number of employers are getting into financial difficulties as a direct result of the dispute. There were unconfirmed reports that a London stevedore company was about to go into liquidation.

The port of Southampton was again completely picketed yesterday. There was growing congestion at all docks and the container terminal was full. More ships cancelled their visits to the port yesterday, including the Rio Colorado loaded with meat from South America.

The British Transport Docks Board said local attitudes among the striking drivers hardened yesterday as pickets refused to allow movement of lorries.

Petrol supplies for use in the dock area were also turned away.

Pickets released over 600 tons of fresh fruit from the Canary Islands at Liverpool yesterday after the Mersey Docks and Harbour Board and the Liverpool Fruit Importers' Association agreed to pay £1,500 each to a local charity.

The cargo had been trapped on the Osaka Reefer vessel since Monday but the pickets refused to give assurances over future fresh fruit imports.

Under the agreement, £1,000 worth of fruit will be given to old-age pensioners and children.

FT REPORTERS ASSESS THE CONTINUING IMPACT OF THE TRANSPORT DISPUTE

Food cuts force up prices

MR. John Silkin, Minister of agriculture, intervened in the hauliers' dispute again yesterday in an attempt to free supplies of fats and oils for the food processing and margarine industry.

He said he hoped movement into factories and shops would begin again today.

He also claimed to have persuaded the union to ease the pressure on the pet food industry and allow it to process blood and offal which are piling up in slaughterhouses, causing a major pollution threat, and interfering with fresh meat output.

Mr. Silkin's confident statements on Wednesday that salt deliveries could be back to normal by yesterday, however, did not tally with the pickets' actions at British Salt in Cheshire.

Mr. Jeff Pether, managing director, said that while bulk salt tankers were being allowed out of the depot, only 12 tonnes of bagged salt got through compared with 400 tonnes on the day the Minister intervened. Bakers and bacon curers who rely mainly on bagged supplies were still in danger of running out.

Although Mr. Silkin insisted there would be plenty of fresh food in the shops this weekend and there was no need for panic buying, prices have begun to rise sharply.

Eggs distributed by Goldenlay, the biggest egg marketing marketin consortium in the country, will o up by 5p a dozen next week, bringing the total increase since Christmas to 9p.

Goldenlay blamed the rise on disruption of feed supplies which has led to a reduction in the number of eggs laid.

The Meat and Livestock Commission, which monitors national meat markets, reported rises in the price of all cuts of beef and English lamb.

The Cow and Gate baby food factory at Bourton, listed among strike casualties by the Food Manufacturers' Federation on Wednesday, has been closed for an annual overhaul.

The shut down was planned a year ago, and there is no danger of any shortages of baby milks, the company said.

Safeway may close Northern distribution centre

THE SAFEWAY supermarket chain last night told the Government that it would be forced to close its Warrington distribution centre in Lancashire from Tuesday because of secondary picketing in defiance of official union instructions.

The closure would inevitably lead to a progressive shutdown of Safeway's 25 stores in the North and 17 in Scotland. The company's southern distribution centre at Aylesford in Kent, which supplies some 40 large Safeway stores, is also receiving only about half its normal intake, Safeway said.

The company's appeal to the Government came as a sharp wave of renewed panic-buying hit most supermarkets and food stores yesterday morning. J. Sainsbury was forced for the first time this week to close the doors temporarily at several stores because of the crush of shoppers. Similar closures were necessary last weekend.

The panic-buying was said to have eased off towards the end of trading last night.

The usual weekend rush is expected to start today, and most supermarkets will have shelves left empty by the shortage of fresh supplies.

Tesco, which has more than 600 stores, has kept Government departments constantly informed about its supplies. The company is receiving less than a quarter of its daily deliveries form manufacturers.

On Monday it had 15 deliveries instead of 60 and only one lorry was stopped by pickets from unloading. On Tuesday, however, only 14 vehicles from manufacturers turned up, and this time only 11 were unloaded.

While the big supermarket multiples still have stocks left in their distribution depots, smaller supermarkets and stores which rely on manufacturers' deliveries are in a more serious difficulty.

The effect on food shops, however, varies widely even in the same parts of the country, but most stores are running short of basic commodities such as butter sugar and coffee, although fresh meat and vegetable supplies are still available through local deliveries.

Last night the Retail Consortium, which represents the bulk of retail traders, called on the Government to "take such action as necessary" ton ensure that the supply of essential foodstuffs flows freely "from next Monday at the latest."

After a meeting of the Consortium's Council Mr. Richard Weir, director, said that unless essential food commodities and other materials vital to the preservation and packaging of food were allowed through the picket lines, the supply situation would become very much more critical.

Company-owned lorries allowed to get through in some areas

PICKETING OF company-owned lorries fell in intensity yesterday as striking drivers agreed in some areas to stop only lorries operated by private hauliers.

Manufacturing and food companies operating their own lorries in Humberside worked almost normally. But in Scotland, strikers barred movement of essential supplies, including food.

Food drivers in Glasgow had to pay £1.50 an hour to striking drivers for escort to shops and warehouses.

Road Haulage Association drivers planned to demonstrate outside the Transport Union headquarters in Smith Square, London, this morning, protesting against the continuation of the strike.

Different areas of industry are faring as follows:

STEEL: The British Steel Corporation is to lay off 14,000 workers in Sheffield on Sunday.

Layoffs are being discussed with unions at the corporation's divisions in Scotland, Scunthorpe and Teesside.

The cold reduction mill at Gartcosh, Strathclyde, and the hot strip mill at Ravenscraig are out of action. Iron and steel production at Ravenscraig is down to three-fifths of normal output. Storage areas are becoming increasingly congested.

PACKAGING: Congestion at companies making packaging for food, drink and medical supplies has forced many to lay workers off.

Read, which supplies a fifth of the UK's cans, laid off 700 workers at Liverpool. United Glass plans to lay off 1,500 employees from tomorrow if soda ash and other raw materials fail to arrive.

Stocks have accumulated at many Metal Box plants. It will lay off 200 people from Monday in Northern Ireland and 370 people at Carlisle.

Bowater laid off 140 from its corrigated case plant near Glasgow.

CHEMICALS: Imperial Chemical Industries says it "miscalculated" last week when it said that its entire operations would be shut down by this weeknd.

But it emphasised that the miscalculation was one of timing only. The fuel shortage has proved less serious than expected but a closedown had merely been postponed. "The position is still critical."

ICI had lost £75m of sales since the beginning of the drivers' strike. Production was running at three fifths of normal.

Intex Yarns is expected to shut this weekend, with 500 lay-offs.

BUILDING — Bricks, ready-mixed cement, timber and scaffolding are being held up but layoffs in the 1.2m labour force are not extensive the National Federation of Building Trades Employers said.

Directors in the regions were less optimistic. In Durham, material shortages have led to lay-offs and thousands of jobs are threatened.

ENGINEERING: Big customers such as the automotive industry may have to close next week, possibly leading to closures among components companies.

Some large engineering companies with their own fleets of vehicles are experiencing little disruption.

GKN managed to re-employ 100 people laid off this week at Sankey after secondary picketing was discontinued.

Foundries in the Midlands are not getting deliveries of sand, leading a shortage of castings for many engineering companies. Small engineering companies seem to be coming off worst. In Manchester, about 21,000 people have been laid off.

CARS: The series of industrial disputes "presented the motor industry with problems which will be much more damaging than those it encountered in the three-day week in 1974," the Society of Motor Manufacturers and Traders declared last night.

Sir Barrie Heath, president, said later that during the three-day week the industry had achieved about 70 per cent of its usual output. "This time the industry is being brought to a disorganised stop."

It might take three weeks for the industry to return to normal if the strike were settled immediately.

Car manufacturers were managing to minimise layoffs. Vauxhall had none, Chrysler a few at Dunstable and Ford 500 at Basildon.

BL laid off 1,600 at Cowley and 600 at Bathgate. Cowley might soon completely halt, with repercussions at Pressed Steel Fisher.

NEWSPAPERS: Fleet Street newspapers are continuing to publish with fewer pages, but only a few days' stocks of newsprint in hand. Much imported newsprint is held up in docks or warehouses.

The Guardian estimates that the reduction in size has cost it £100,000 in lost revenue. The Daily Telegraph is losing £60,000 a day.

DRINKS—Beer is expected to be available in almost all public houses for at least another week, brewers' leaders say.

However, disruption to supplies of bottles, cans, and carbon dioxide gas is likely to halt production slowly. Some breweries, especially in the North, are laying off workers.

The Distillers Company, with 35 of its 45 malt whisky distilleries stopped, will probably have to shut at least one of its eight bottling plants by tonight.

Whisky exports are being held up by picketing at ports.

The soft drink industry is being hampered by shortage of ingredients such as sugar.

ELSEWHERE: Electrolux has laid off half its 2,000 workers after key component supplies ended. The £700m domestic appliance industry is short of raw materials, including sheet steel and components.

Export orders worth £4m are locked in stores and warehouses, Rowntree Mackintosh said. A £250,000 order to the U.S. canot be shipped and other orders in Europe are threatened by foreign competition.

In the North-West, between 100,000 and 120,000 building workers may be laid off within 10 days.

REPORTS FROM THE REGIONS

More laid off as Scotland begins to suffer

THE HAULAGE strike is beginning to bite in Scotland, which has so far escaped relatively lightly.

The CBI, which held a special council meeting in Glasgow to discuss the strikes' impact on industry, estimated yesterday that lay offs had reached about 65,000, though the Government's emergency committee arrived at a lower figure.

In a survey of manufacturing firms employing over 250 the Scottish Office industrial unit said that there had been about 8,000 lay offs so far. Even assuming a more serious position for small companies, and in service industries such as distribution and packaging, it is unlikely on these figures that the total number of workers affected north of the Borders exceeds 30,000.

It is clear that many companies have held back layoffs in the hope that the strike would end. Stocks of consumable items are running low, and the position could deteriorate sharply next week.

The Scottish Office said that though picketing was effective, particularly at the docks, where there was practically no movement, there was no evidence that it was aggressive.

Close liaison between the emergency committee and the TGWU at national level had ensured regular movements of essential supplies. Some held up earlier this week, such as yeast for baking and brewing, were no longer a problem.

Communication is less effective at lower level in some areas, and there are still misunderstandings between companies and unions.

The Isle of Arran in the Firth of Clyde received no supplies of animal food or drugs for its hospitals because pickets at the mainland ferry terminal refused to continue to allow one lorry a day through to Glasgow.

The strike committee at Saltcoats, Ayrshire, has said that it will not allow the service to resume until it receives an apology from Mr. Robert Haddow, who runs an island haulage firm, Aran Transport and Trading.

Mr. Haddow said on television that his drivers had to contribute £26 to the local strike fund for every load allowed through the picket line. He produced cheques cashed through his bank which had been countersigned by Mr. William McCaig, leader of the local strike committee.

"I do not know what I am supposed to apologise for but I intend to do nothing until I know the outcome of negotiations between the union and the Road Haulage Association," Mr. Haddow said yesterday.

"Arran is a seasonal island and the population is at its lowest during January and February. Stocks are running low but we have not reached difficulties yet."

Mr. McCaig could not be contacted yesterday.

W. Midlands drivers call for official dispute

PICKETING IN the West Midlands is expected to be stepped up after the decision yesterday by lorry-drivers to seek official backing in their dispute from the Transport and General Workers' Union.

Previously employers in the region had offered to pay the highest rate negotiated in other parts of the country provided the drivers remained at work. Unofficial strikes and picketing by up to 1,00 drivers in defiance 0of their union negotiators undermined the agreement.

The militant stance of the West Midlands drivers has been brought about by the refusal of the Road Haulage Association to budge from the national offer of £60 for a 40-hour week.

Mr. Bob Ward regional secretary of the association said yesterday that unofficial squads of flying pickets had caused widespread stoppages in Birmingham and the Black Country. Some had intimidation and coercion to further their ends, he said.

Once the dispute in the region is declared official it is hoped regional leaders of the TGWU will have the opportunity to

But local companies fear that though secondary picketing might be reduced, the organised forces of the union could cause more widespread stoppages.

Mr. Steve Rankin, regional director of the Confederation of British Industry, said last night that layoffs and short-time working were likely to increase because of the official dispute.

Numbers made idle in the Midlands are approaching 30,000.

Hospitals forced to close

FOUR HOSPITALS are t oclose in the Trafford area of Greater Manchester tonight because of increasing difficulties caused by the fuel tanker dispute earlier this month and the transport drivers' strike.

The hospitals — al comparatively small — will retain only out-patient services for the time being, and other hospitals in the area will restrict admissions to emergencies only.

Elsewhere in the North-West there are signs that industry and consumers are beginning to adapt to the difficulties caused by the transport strike, although another major round of lay-offs is expected next week. Yesterday the total laid off rose only marginally to 27,600 — a rise of 700 — according to figures from the Department of Employment. Some easing of food supplies was also reported.

Pickets appear to be cooperating with Transport Workers' Union instructions by allowing supplies to get through from warehouses, and there are reasonably good supplies of fresh vegetables and meat in most shops. The problem now lies mainly in the production of food where lay-offs as a result of picketing are halting the delivery of goods from factories to warehouses.

Picketing throughout the area remains widespread, and most companies are operating at a reduced level. Temporary huts made of timber and polythene sheeting have sprung up, together with braziers, outside a large number of premises on the huge Trafford Park estate in Manchester and the number of vehicles attempting to make deliveries to industry in the area has fallen off.

The docks at Manchester and Liverpool remain heavily picketed, but there are reports that some of the smaller ports in the area are unaffected.

Calls to the emergency committee in Manchester, one of a number in important regional centres set up by the Government, have also begun to fall off. After reaching a peak of 300 on Tuesday, they totalled about 180 yesterday, mostly from companies which sent goods into the area with a union dispensation only to have it rejected by pickets.

The committee has been advising hauliers in these instances to make contact with local union committees. Other calls are coming from companies outside the region anxious to find which premises are blockaded.

Avonmouth docks position eases

AN IMPROVED situation at Avonmouth Docks was reported yesterday after consultations between the Government's emergency committee for the South-West and local Transport and General Workers' union leaders.

Vehicles were moving more freely and a growing shortage of diesel showed signs of easing both in the West Country and South Wales as picketing of fuel depots at Avonmouth and Newport was relaxed.

Union leaders in both areas took steps to tighten control over picketing. In the South-West, the Union's regional secretary organised a series of mobile teams of officials to clarify the exemption list to picket lines and iron out local difficulties.

The Welsh committee estimates that layoffs will total around 4,000 by the end of the week, mainly in the manufacturing sector. But it has already warned that layoffs will rise steeply by at least 10,000 next week, unless the strike ends.

British Steel is due to lay off some 6,500 from Sunday when it shuts its three tinplate plants in South Wales.

In the South-West, where the haulage industry is still working normally in Devon and Cornwall—the Road Haulage Association wages agreement does not expire until the end of the month—the number of layoffs so far is put at no more than 2,000.

Stocks of food in Wales are still giving rise to concern. Supplies of sugar, salt and frozen food, in particular are reported to be low. In the S.W., food movements and animal feed supplies continue to loom large among the inquiries to the Government emergency committee.

Ulster faces threat to jobs

THE Confederation of British Industry in Ulster yesterday forecast a sharp increase in the number of workers being laid off in the province because of the lorry drivers' action.

Mr. Richard Gordon, CBI assistant regional director, said the number could reach 50,000 by the middle of next week. When the strike ended many people might have lost their jobs.

The strike committee representing 5,000 local drivers met Government officials at Stormont for more talks. It later denied that secondary picketing was taking place.

The CBI said it was concerned that companies had to go before a union committee at Transport House in Belfast to argue their case for "dispensation."

Mr. Gordon said: "The union's control over its members is questionable. The instruction on secondary picketing is clear and yet many strikers are not paying any notice to it."

The employers' side, the Road Transport Association, took space in newspapers yesterday to state its position.

It said that a driver's average gross earnings were £76.55 a week and the union claim would increase this to about £124. The employers had offered about 15 per cent, which would bring the average wage to £86.25, and that guaranteed that whatever emerged as a national basic wage would be applied by Ulster companies.

This would be retrospective to November 6 and the only condition would be that normal working should continue during negotiations.

CBI urges ban on secondary pickets

A CALL to the Government to operate the existing laws on picketing more effectively and to outlaw picketing of employers not involved in a dispute was issued yesterday by the Confederation of British Industry.

The call was in a letter from the confederation to Mr. Albert Booth, Employment Secretary, commenting on the Employment Department's consultative document on picketing, issued last week.

The Trade Union and Labour Relations Acts should be amended, the CBI says, limiting unions' immunities in tort so that they cover only inducements to breach employment contracts and apply only to action against a company involved in a dispute.

The amendments would apply to parts of the Acts dealing with sympathy industrial action. The law on picketing should also be altered, limiting picketing to the premises of a company in dispute.

Mr. Booth is told that the lorry strike has brought to picketing a new dimension that is likely to recur. He is urged to take urgent action and to meet a deputation from the confederation.

The letter says that other picketing issues, including mass picketing as in 1977 at the Grunwick film laboratory, are best dealt with by better enforcement of the present law. The Government should produce an advisory leaflet to help pickets and police.

The confederation opposes a formal code of picketing conduct if, as has been proposed in the past, it were to extend the present law with innovations such as a right for pickets to stop lorries.

● Sir John Methven, CBI director general, wrote yesterday to Mr. Moss Evans, Transport and General Workers' Union general secretary, asking for a copy of his picketing code to pass on to companies.

He wrote: "You should be in no doubt whatsoever that the action taken by the pickets has put a stranglehold on UK trade and industry

Coffins are turned back

A SHORTAGE of coffins could be caused by the haulage dispute, a manufacturer warned yesterday.

Pickets on the Isle of Wight halted a consignment and threatened to blacklist Vic Fearn, of Bulwell, Nottingham, who make 20,000 coffins a year. East Midlands emergency committee ruled that coffins are not essential supplies.

Union to issue code of practice on picketing

THE FOLLOWING code of practice on picketing drawn up by senior officials of the Transport and General Workers' Union will be issued to the union's regional secretaries today. The executive expects all strike committees and many picket lines to have details of it early next week.

The code, reaffirms recommendations sent out by the union nationally, but is not technically an instruction although very close to it. Regional union committees will have some leeway on enforcing it and on the issue of disciplinary measures against members who do not adhere to the code.

1—The Transport and General Workers' Union has decided that the following directions should apply to the current dispute in the Road Haulage Industry.

2—Conduct of picketing
Picketing should be confined to the drivers and vehicles in the hire and reward sections of the industry who are employed by firms in dispute with the union. Those taking part in the picketing should make it clear to drivers approaching the picket line that they are not seeking to prevent the movement of vehicles operated by firms on their own account nor of the National Freight Corporation, or companies who have reached agreement with the union; and should not seek to hinder or dissuade these drivers from carrying out their normal duties. In any event, pickets should not seek to prevent, hinder or delay vehicles carrying any of the following list of priority supplies, from entering or leaving premises+

(a) Supplies, including livestock, for the production, packaging, marketing and distribution of food and animal feeding-stuffs.

(b) Supplies for the production marketing and distribution of pharmaceutical and medical products, and other supplies essential to health and welfare institutions such as hospitals, old people's homes and prisons.

(c) Fuel, including bottled gas, for the heating of schools, residential institutions and private residential accommodation.

(d) Materials essential for gritting or snow clearing purposes, where not ensured by local authorities' own services.

(e) Other critical supplies in crisis or emergency situations (which cannot be precisely specified in advance), or related to public health and safety.

When in doubt pickets should seek to clear the matter urgently with their strike committee or regional secretary or person nominated by him as appropriate so that vehicles involved in moving priority supplies are not delayed.

3—Organisation: The regional secretaries and the appropriate union officials will ensure that the official strike committee will:

(a) Determine where pickets should be mounted. Pickets should not be mounted elsewhere.

(b) Ensure that where a picket is mounted it shall be composed only of employees of employers in dispute and union officials who have been authorised by the regional secretary.

(c) Fix the appropriate number for each picket.

(d) Ensure that pickets are clearly identifiable as official pickets, and that there is a clearly identifiable leader.

(e) Give advice as to discipline on the picket line.

(f) Ensure that the pickets are fully briefed on the instructions above.

4—Union members not involved in the dispute:

Members of the union who are working for employers not party to the dispute or who are engaged in moving priority supplies should indicate where they stop at the request of pickets that they are proceeding to move such supplies in accordance with the union's instructions as embodied in this code and that pickets should therefore make no attempt to prevent such a vehicle from proceeding.

THE PROPERTY MARKET

BY JOHN BRENNAN

EPC: trapped by a friend

EAGLE STAR Insurance lit a timefuse under English Property Corporation's independence on Wednesday.

Eagle Star has made no formal offer for EPC. Its approach on Wednesday did no more than to open discussions that may, or may not, result in agreed terms for a bid. Nevertheless, Eagle Star's move effectively corners EPC. Whatever the outcome of those discussions, they mark the beginning of the end of nearly twelve months of *talks about how to disember this* £770m victim of the property crash.

When Willem van Dijk's NV Beleggingsmaatschappij Wereldhave first approached EPC in the Spring of 1978 neither EPC nor Eagle Star (with 27.2 per cent of the shares its only large institutional shareholder and its main financial supporter) dismissed the dutch group's advances. The principle of a sale was accepted, and all that remained was to haggle about the price.

Agreed bid

In the event, no agreement was reached. But in a second series of talks lasting until the autumn, Wereldhave did finally reach agreement in principle to buy EPC's overseas properties, only to be rejected by EPC at the eleventh hour.

Wereldhave's subsequent £40.4m cash offer, worth 37p a share, can be seen as a logical conclusion of those protracted discussions. Mr. van Dijk has forced the pace, and Eagle Star has now stepped in to defend EPC fro mwhat it, probably sees as a "scavanger" bid.

Eagle Star's intentions are, no doubt honourable. But the result of its move sets in train a series of events that must inevitably lead to EPC's takeover.

Some weeks

One possible outcome is that Eagle Star will hold talks with EPC (each joint director wearing a clear label to ensure that he does not stray onto the wrong side of the discussion) and an agreement to bid will be reached.

A spokesman for Hill Samuel which is acting for the insurance group said on Wednesday that: "in a fairly troubled company like EPC I think it is pretty clear that no one would expect the information in the published account to be sufficient to make a bid," and so these talks and the information gathering work are likely to last a couple of weeks and would take rather longer if a formal offer is mounted. If an offer is made, EPC shareholders fare a straightforward auction for their stock.

Wereldhave would clearly be allowed to extend its bid until Eagle Star's discussions were completed and its Dutch institutional backers would almost certainly match, and try to top any marginally higher offer. But an Eagle Star offer straying into the high 40s could leave it with a clear field if Mr. van Dijk believes even half of his battery of criticisms about EPC's real worth.

There is very little chance of Eagle Star producing an offer much higher than Wereldhave's. The insurance group would have problems enough trying to convince its own shareholders that EPC—with its £½bn debts, revenue losses and exhausting demands on management—is a logical purchase without also trying to argue the case for a generous price.

Auction

A straightforward auction for EPC between Wereldhave and Eagle Star is, therefore, possible. But EPC shareholders could only hope for bids and counter-bids of a few pence above the base price of 37p set by Wereldhave. Market speculation suggests the mid-40s as a top price for the Dutch bidders.

It is also conceivable that EPC and Eagle Star will not reach agreement and that no formal offer will be made. In that case, Wednesday's approach would have placed every card in the pack into Mr. van Dijk's hands. As Morgan Grenfell, his advisers, comment, 'if they (Eagle Star) do not know what EPC is worth, no one does." And if, having updated their information on EPC, Eagle Star then decided not to bid, EPC shareholders would be forced to the conclusion that the Dutch group's offer is the best they can hope for.

Discussions not leading to a bid, but merely to a statement reiterating Eagle Star's confidence in EPC's future would look very lame indeed. Eagle Star raised the hopes of EPC's 23,000 shareholders by its announcement. If those hopes are dashed, Wereldhave will reap the benefit.

It is scarcely possible that Eagle Star would attempt an offer that was opposed by EPC's board. The City would hardly approve of a bid that could be seen as a cripple being battered about the head by his own crutch, and Eagle Star would hardly put itself into such a situation.

No compromise

Wednesday's approach also rules out most compromise moves. It particular it must kill any repetition of the 1976 operation when the insurer bought £55m of EPC's better properties. With bids in the air and shareholders taking a keen interest in events, any attempt by Eagle Star to repeat the operation would have it open to accusations by EPC's shareholders and Wereldhave of stripping the best remaining properties from the portfolio. If, on the other hand, it accepted secondary or development properties, the insurance would face an outcry from its own shareholders.

Anything can happen in a bid battle. EPC might emerge triumphant independent if it pulls off a series of management miracles on a par with this week's sale of the Nice development at a profit. The Bronfman family, which controls the other half of EPC's Canadian-based Trizec associate might well enter the ring as a partial bidder. And Wereldrave's groundwork might look sound enough to other overseas institutions to tempt them into a bid. But there are very long shots. It does look as if Wednesday's approach by Eagle Star has, unintentionally, signed EPC's death warrant.

IN BRIEF

AGENCY MEN will appreciate one side-effect of this week's merger of accountants Whinney Murray and Turquands Barton Mayhew. The merger, creating the third largest accountancy firm in Britain, also creates an immediate need for a Central London headquarters office of around 125,000 square feet.

The firms existing buildings, at Lynton House, in Tavistock Square, WC1, and at 57, Chiswell Street, EC1, house around 1,200 London staff in what a Whinney Murray spokesman describes as "thoroughly unsatisfactory offices."

As the merger talks were carried out in secret, neither firm has been able to announce its need for a single major modern office or test the very narrow market for such building in central London. But at least Town and City's Gamages development — on Holborn appears to be out of running: "too little car-parking," sary the accountants.

If they really do need 125,000 modern square feet of offices in the centre with appropriate car parking perhaps the firms should havestayed single. But hope springs eternal, and any suggestions would no doubt be welcome.

Scotland: office rents soar but industrials falter

SCOTLAND is receiving an ever decreasing share of central Government regional aid and at the same time it faces a decline in private sector industrial investment. This cheerless view of the Scottish economy emerges from the third survey of the region's industrial property market commissioned by Edinburgh agents Kenneth Ryden and Partners and carried out by Professor Donald MacKay of Heriot-Watt University. The review, published on Wednesday, takes the line that the Government's "short term financial mismanagement will have real long term consequences."

This short term "mismanagement" has, according to Professor MacKay, resulted in a wages-led overheating of the domestic economy, "an old-fashioned consumer boom which will result in the crowding out of private investment." North Sea oil receipts have helped to mask the effects of an overheated internal economy on the country's external accounts. But in 1979 Professor Mackay believes that Scotland will begin to reap the problems sown by this failure of economic controls.

Bearish

Confederation of British Industry figures already show that Scotland industrialists are "more bearish about future investment plans" than their English counterparts. Professor MacKey and his team forecast that: "the volume of investment will rise in the earlier part of 1979 but will be falling in the latter part of the year." The rate of investment is likely to be lower towards the end of 1979 than in the same period of 1978.

This depressing outlook for private sector investment would be less worrying for the industrial property market if public sector spending was taking up the slack in the economy. But the Professor shows that between 1976-77 and 1977-78 expenditure on regional aid in Scotland fell from £216m to £144m, a fall of one-third in money terms and of 40 per cent in real terms.

The Professor believes that the Scottish Development Agency, set up to stimulate industrial investment, is unlikely to have more than a "modest" impact on market. The SDA's expenditure on industrial development is unlikely to exceed £24m a year over the next five years, and that is less than one-third of the money made available to Scottish businessmen under the now defunct regional employment premium. As he says, "the arithmetic demonstrates that any major increase in manufacturing investment must depend on the private sector" but as we have seen, there is little hope of a marked revival of private investment.

This adds up to an uninspiring picture of the Scottish industrial property market. The consumer spending boom may have boosted letting demand for warehouses. But Ryden reports no dramatic change in industrial rents, just a steady rise that parallels the continued growth in construction costs.

On a region-by-region breakdown of new industrial space, Ryden shows that there is now 524,340 sq feet of completed but empty space in the Lothian region around Edinburg, with a further 680,000 sq feet of additional units that could be developed.

Comparable figures for Strathclyde—the main industrial belt around Glasgow—are 2.75m sq feet of empty buildings and 882,000 sq feet of space that could be built. In Tayside, 129,000 sq feet are vacant while in the Central Region, north of Glasgow, 109,000 sq feet are available with another 280,000 sq feet of developable units. Fife has 194,000 sq feet empty and the Grampians, including Aberdeen (where asking rents touch £1.75 a sq foot), have 280,000 sq feet of vacant units and 250,000 sq feet on the drawing board. The Borders Region has 98,000 sq feet free, Dumfries and Galloway 57,600 sq feet and the Highland region 41,500 sq feet of industrial units ready to rent.

£4 barrier

● Scottish Offices look a far more dynamic market in Ryden's accompanying survey of Edinburgh and Glasgow. Lettings took 339,000 sq ft of offices off the Edinburgh market last year leaving just 753,253 sq ft on the market at rents of up to £3 a sq ft for central but unrefurbished older space, and up to £5 a sq ft for modern property.

In Glasgow Ryden believes that the shortage of good space has forced rents through the £4 a sq ft barrier for the first time.

Lettings in the city currently run at a rate of 325,000 sq ft a year. But there is only 445,000 sy ft of accommodation left on the market or due for completion in 1979 and a quarter of that total is in older secondary buildings.

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Property Deals appears on Page 10

INDUSTRIAL AND BUSINESS PROPERTY

PROPERTY DEALS

Europe's biggest 'For Sale' board

DETAILS OF the largest, and most expensive industrial complex to come on to the European property market for many years will land on the desks of a thousand or so international company directors by the end of this month. Firestone's drastic pruning of its European production facilities has made redundant its 38 acre plant near Basle, Switzerland. And now the U.S.-based tyre has given its British property advisers, Garrard Smith and Partners, sole world agency to sell the 1.1m sq ft of covered industrial warehouse and office buildings for around SwFr 80m (£23.7m).

Firestone is hoping for one buyer—with U.S. dollars or Swiss francs—to take the whole plant as a Continental production and distribution centre. Garrard Smith is aiming its marketing drive at U.S., European, and Japanese companies that might be tempted to Basle by its fairly central position. The plant is just 12 miles from Basle's international passenger and cargo airport and an hour from Paris or Munich by air.

There are 10 main buildings on the freehold plant apart from open parking space for several thousand cars. The largest single building is the 506,800 sq ft main factory building on four floors that has been added to and modernised since it was first opened in the mid-1930. Two mid-1960s warehouses, with eaves heights of up to 19.1 ft, provide another 278,673 sq ft and Firestone completd a 94,456 sq ft single storey warehouse with ancillary offices in 1972 that is now standing empty. The complex, *which totals 1,091,393 sq ft of covered space (101,500 sq metres)* includes its own fire station, and internal estate-roads.

●

COURAGE PENSION FUND has accepted an initial yield of around 7 per cent on a £1.75m purchase of modern warehousing from the privately owned Finlinson development group.

Courage, advised by Barnett Baker and Co and Richard Ellis, has picked up five of Finlinson's schemes; three at Finway Road, Hemel Hempstead, and two off Dallow Road, Luton. Nibco Incorporated has let 24,840 sq ft of the recently completed Hemel buildings for "around £2" a sq ft, and the remaining 12,550 sq ft of warehousing is under offer at rather more than the Nibco rent.

In Luton, the brewers fund takes a 15,317 sq ft unit let for £1.50 a sq ft to Alfred Quaife, and a similar sized block pre-let to Diversey for £1.70 a sq ft.

WIMPEY PROPERTY Holdings has let whole of its 38,900 sq ft Angel Courft office building in Borough High Street, SE1, to the London Electricity Board for close to the asking rent of £8.50 a square foot. Collier and Madge, and Weatherall, Green and Smith acted for Wimpey on the letting, dealing with the Electricity Board's own property managers.

●

DUBAI, the trading centre of the United Arab Emirates, is still short of *international* quality office space. Completion of the privately developed 17-storey Dubai Pearl office tower in Deira, at the heart of the city's financial area, gives some way towards meeting that shortage. But Debenham Tewson and Chinnock's local office is now beginning to fill the 138,000 sq ft of air conditioned offices, having signed up Bowater Export, Lintas, accountants Arthur Anderson, and the U.S. legal firm of Burke and Burke as tenants to join Barclays Bank International ni suites that add up to a total of 15,000 sq ft. Rents range around UAE Dirhams 70 a sq ft, nearly £9.30.

●

NEW YORK office rents are beginning to move up aagin after four years stagnation according to Jones Lang Wooton. JLW, which now has a 35 man team split between New York and Los Angeles, has just let 80,000 of the 200,000 sq feet of vacant space in the William Kaufman Organisation's block at 7 Hanover Square, *Manhattan in half a* down lettings at around U.S.$10 a sq foot. As over half of that rent goes in rates and service costs, there is still an enormous gap between the cost of offices in New York and London.

The best suites in the best offices off Park Avenue now command rents of up to U.S.$30 inclusive. Add rates and service *costs to comparable quality* offices in London and one is talking about an inclusive cost of at least £25 a sq foot, on leases that incorporate far more frequent rent reviews. Perhaps the location of Office's Bureau was right after all.

●

ABBEY PROPERTY FUND is taking on its largest industrial funding commitment to date with a £3.5m deal to build the first 200,000 sq ft of the Euroway group's 16 acre industrial estate near the M4 Motorway in Crewe. Euroway eventually plans to build up to 320,000 sq ft of warehouse and factory space on the land in units ranging from 10,000 to 100,000 sq ft. The funding was agreed earlier this month through Anthony Brown Steward, who stay on site as Euroway's project managers and letting agents.

J.B.

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ENERGY REVIEW: A COAL ENQUIRY

BY JOHN LLOYD

Welsh miners at the crossroads

OF ALL the country's coalfields South Wales is the only one which merits a place in the national memory, a place occupied by notions of chapels and male voice choirs, radical politics and rugby football.

These notions may often be romantic, but they had a real basis, which is now eroding. Chapels and choirs exist, but in ever fewer numbers. Radical politics exist, but less obviously: there are, for example, now no Welsh miners on the Labour side of the House of Commons. Only rugby, buttressed by international tours and television, remains strong.

The coalfield, in short, produced its own powerful, largely working-class culture. The diversity of its traditions is paralleled by that of the field itself. Uniquely, it produces four types of coal—anthracite, for the household market, a product in which South Wales has a virtual UK monopoly: dry steam coal, from which the smokesless fuel Phurnacite is made: steam coal for the big coal-fired power stations of Aberthawe B and Carmarthen Bay: and coking coal for the British Steel Corporation's works at Port Talbot and Ebbw Vale.

It also has a geological structure which makes it one of the most difficult fields to work, where deep faulting means that the mining engineer's judgment on the viability of exploration in any given area is often a matter for argument. "It is the most difficult field—perhaps in the world," says Mr. Phillip Weekes, the NCB area director.

An entity as self-conscious and complex as the South Wales field makes an awkward subject for the planning mechanisms of the late 20th century. It has, of course, changed greatly—"What you have to remember about this coalfield is that it has come down from well over 100,000 men in the late 1940s to around 26,000 now," says Mr. Emlyn Williams, president of the South Wales Area of the National Union of Mineworkers. Mr. Williams thinks that the decline has been too fast: and that Mr. Will Paynter, the South Wales miner who was the NUM's national president throughout the 1960s—the greatest period of closures—acquiesced too readily in the NCB's plans.

Yet it is South Wales which is the first to bear the weight of a close examination by a tripartite committee, chaired by the Energy Secretary, Mr. Anthony Wedgwood Benn, in which the Government (in the shape both of the Energy Department and the Welsh Office) the NUM and thet NCB have set themselves the task of agreeing a recommended "solution" to South Wales' problems, so that Mr. Benn can take a package to the Cabinet which has some hope of being approved. Sir Kenneth Berrill, head of the Central Policy Review Staff, is on the committee as the eyes and ears of the Cabinet Office. Even more weighty, Mr. Joel Barnett, Chief Secretary to the Treasury, has a place.

The Treasury's high-level presence points to the central difficulty now facing the coalfield—finance. The South Wales coalfield loses a lot of money and needs a lot of money. The Treasury, now reportedly increasingly concerned by the NCB's calls for increased investment, insists on being at the top table.

Last year (1977-78), South Wales reported a loss of around £27m. Yet even this high figure masks the true problem. The actual losses from deep mining were between £40m and £45m: it was brought down to £27m only by adding in profits from opencast working, European Commission grants and regional aid. In a speech to Cardiff businessmen last week, Sir Derek Ezra, the NCB chairman, said that net losses this year could be around £30m. The area director winced when he heard that: he believes he can get the net losses down to around £25m: but that will he mainly because of increased regional aid and opencast profits—deep mining will still lose about the same.

Treasury pains

All this pains the Treasury, which is faced with a planned national investment programme by the NCB of £500m a year. But the proposed cure is probably at least as painful. The cure is contained in a paper to be presented to the third and last formal meeting of the tripartite committee next Monday. It will come from Mr. Weekes, and will argue strongly that only a five-year programme of investment, consistently pursued, will put South Wales on a break-even or surplus basis in the early-to-mid-1980s.

The crucial sum required is still Mr. Weekes' secret: but a reasonable estimate can be made. Last year, some £38m. was invested in the field. The programme drawn up by the director cannot propose much higher levels of annual expenditure. A round figure would be in the £40m-£45m a year range, putting the cost of the five-year programme at between £200m-£220m.

Much of this investment would go to improvements and extensions of existing pits, together with the long overdue modernisation of the loss-making Phurnacite plant at Aberaman, near Newport. However, there is also a plan for a major development on the stocks, which still awaits board approval. This is for a new colliery at Margam, which would produce an estimated 1m tonnes of coking coal a year for the nearby Port Talbot steelworks

Mr. Weekes cannot hope for his money — or even a significant part of it — without offering something in return. He already has small successes to show his national board and the Treasury — increased output and productivity as a result of the late and reluctant acceptance of the board's incentive bonus scheme early last year. Also absenteeism—traditionally at a higher rate in South Wales than elsewhere — has come down a little. But he needs more: he needs closures.

"No more closures," says Mr. Emlyn Williams. "We are firm on that. Seventy-four pits have been closed since 1950: No more."

Right now Mr. Williams and his executive committee are faced with only one, publicly-mooted closure —that of Deep Duffryn, a dry steam mine over 100 years old in the Cynon Valley, employing some 700 mineworkers. The NCB is losing heavily on the coal got from the colliery, and badly needs agreement on the closure.

"If you close Duffryn the whole Valley suffers," says Mr. Williams. "They want to close it because they need men at Nantgarw and Taff Merthyr. There's coal all over that Valley. They should have gone through a fault there 10 years ago to get at new reserves.

"That pit used to make £1m a year for its owner before nationalisation. It made money for the Coal Board until a few weeks ago."

"Yet, there's coal there," says Mr. Weekes. "But I believe it would be produced at even more of a loss than we are making at present. It's true, there was the choice of going through the fault some years back — but it was decided not to and now it would take up to three years to go through and open up new faces with little chance of profitable working at the end of it."

"In a few years they'll be needing coal so much they'll be digging holes in the mountains to get at it," says Mr. Williams.

The decision on Duffryn very largely lies with forces outside South Wales.

The case goes to the national board on appeal next Friday. Mr. Williams does not expect the board—of which Mr. Weekes is a part-time member—to reverse Mr. Weekes' decision. It seems likely, then, to go to Mr. Benn. Mr. Benn has no liking for this role of referee.

But the key factor, in Mr. Williams' view, is not so much the present attitude of Mr. Benn, as the attitude the union will take nationally. Three other pits—Teversall in Nottinghamshire, Woodall in Northumberland and Granville in the Midlands—are also marked for closure, and are at various stages of appeal. Teversall, indeed, has already gone to Mr. Benn, who has neatly passed it back to the NCB.

The NUM has for some years opposed closure of pits on all grounds except safety and exhaustion — and there has been a continual battle about the definition of "exhaustion." Two months ago the NUM strengthened its hand when its executive voted that if it was faced with a closure unilaterally decided by the board, it would ballot its members on industrial action. The time is fast approaching when that decision will have to be put to the test.

It is this test for which Mr. Emlyn Williams is waiting. "I've been using delaying tactics on Duffryn," he says. "I want to se what the NUM will do with the pits that are before that mine in the queue."

He fears that the national leadership may not take a determined enough stand on closures — that it may go for a deal on wages which incorporates agreement on a closure programme.

But the pressures on Mr. Williams are growing. He knows that Mr. Weekes will have a hard fight for the investment programme—which the NUM wholly supports—if he cannot get some closures. He has put the NUM position forcefully in a paper presented to the tripartite committee. The paper was strongly polemical. It included an attack on Labour governments for closing more pits than Tory governments had done. Yet sooner or later, there will have to be negotiations on a package deal.

That package will certainly contain a number of closures besides Deep Duffryn. Mr. Weekes will not specify which they might be: but he insists that they will be kept to a minimum.

In theory, he could show a profit very rapidly, by closing some 20 pits thus saving around £40m, wiping out nearly all his deep mine losses at a stroke. But this is unlikely to be the recommendation which Mr. Benn will ultimately take to the Cabinet.

More likely is one which will recommend much of the investment which Mr. Weekes, and the NUM, both want, with a number of closures in areas where either the mineworkers can be re-employed in nearby collieries, or where alternative suitable employment exists or can be created.

Will such a package be bought by the South Wales miners? "The men will decide," says Mr. Williams. "But there's more feeling about closures in the union just now, in my view, than there is even on wages."

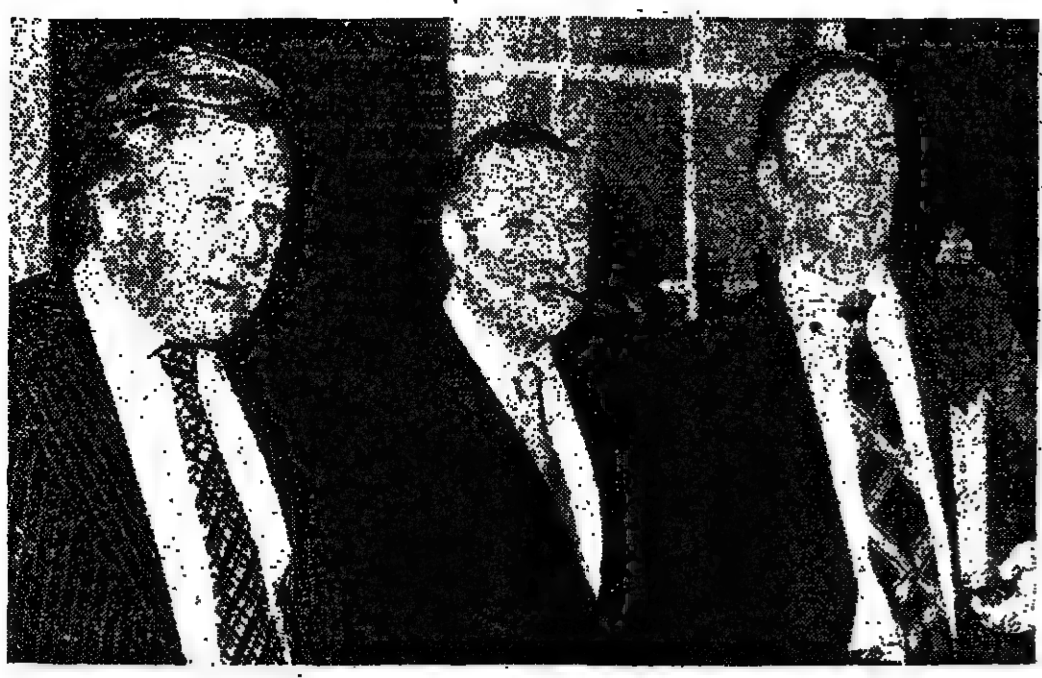
If it is accepted, will it work? Mr. Weekes answers obliquely. "Sir Derek Ezra gets exasperated with us down here. He always enjoys himself when he comes, but he sometimes thinks we're pulling a fast one on him. In his speech in Cardiff last week he turned to me at one point and said: 'You're telling me now that it's five years to profitability. You told me five years two years ago.' In this field nothing is certain, but we have a good chance now if we're determined."

Ashley Ashwood

UK NEWS — PARLIAMENT and POLITICS

PM accused of weak approach to crisis

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT



Ministers leaving yesterday's Cabinet meeting

MRS. MARGARET THATCHER, Leader of the Opposition, last night abandoned her low key approach to the road haulage strike and accused the Prime Minister of adopting a "weak and complacent approach." to the industrial crisis facing the country.

The Tories, who have, until now, been restrained in their criticism of the Government's handling of the current labour disputes, launched a bitter attack as Mr. Callaghan made a further statement to the House.

The Prime Minister explained that, for the moment, he was content to rely on a voluntary code of conduct on secondary picketing agreed with Mr. Moss Evans, General Secretary of the TGWU. The hope was that this would limit the damage done by the lorry drivers' strike.

He saw no need at the moment to declare a state of emergency. In his view, essential supples could be maintained by members of the TGWU observing the code of practice.

This brought jeers of derision from hte Tories. Mrs. Thatcher declared that her and her colleagues were astonished at the "weakness and hollowness of the statement."

"Therei s absolutely nothing which re-establishes the authority of the Government under the law."

There had been daily reports of violence and intimidation on the picket lines and of money changing hands for lorries to be allowed through with essential supplies.

In the light of this, she had grave doubts about Mr. *Callaghan's suggestion on a* code of practice. She reminded him that the main reason for the union declaring the strike official had been to assert full control over the pickets.

The union had originally undertaken that "own account lorries" and essential food supplies would be allowed through. Neither of these undertakings had been honoured.

"What makes you think the code of practice will be effective?" she demanded. "Some of the pickets are not union members at all and various other people have joined the pickets.

To roars of disapproval from the Labour benches, she went on: "The strike is now out of the control of the union and appears to have passed from one group of militants to another.

"In that case a code of practice will not and cannot be effective."

Caustically, the Prime Minister, told her "I welcome this new non-party approach."

As, far as he knew, the law was not being broken by the pickets. If it was, whether by intimidation or by any other means the police would take action.

He could not say whether or not the new approach of a code of practice would be effective. But it must be given an opportunity to work.

He hoped that the union *would be able to enforce it* effectively. "Otherwise, I think it is possible that a code of law will be introduced with all the results that we have seen before."

There were shouts from the Tories asking him to clarify this. Was he suggesting that a legal code would be introduced by the Labour Government or by a future Conservative administration? The Prime Minister, however, did not reply on this point.

He also rebutted Mrs. *Thatcher's complaints* about the decision not to introduce a state of emergency at the moment. *The Cabinet had decided that* to do so would accentuate the troubles rather than lessen them.

"The time may come when we will have to make that judgment. When that time comes there will be no heisation in introducing a state of emergency. 'I don't propose to do so for purely cosmetic reasons.

He told Mrs. Thatcher: "Strong words and weak actions don't go well together."

Mr. David Steel, Liberal leader, maintained that the code of practice on picketing was "Gilbertian." It laid down that drivers would not be penalised by their fellow union members if they observed the code. But it said nothing about penalising the trade unionists who refused to abide by the code.

This theme taken up by several Tories, some of them suggesting that the TGWU should expel those who did not observe the code..

There were Tory protests of "Where is the Government?" when Mr. Callaghan replied "This code is issued by the union. *It is not my responsibility to answer for it.*"

Tories see a state of anarchy

BY PHILIP RAWSTORNE

CONSERVATIVES, storming over the chaotic industrial front, yesterday beleaguered the Government for nearly three hours in the Commons.

Mr. James Callaghan and his Ministers stoutly defended their position with a barrage of statements that ranged from lorry drivers to mbulances and IRA bombs.

But the seething ranks of the Opposition mounted a sustained assault on the Government front bench which culminated in demands for four emergency debates.

Mrs. Margaret Thatcher had clearly ordered a political state of emergency.

The Tory leader was determined that the country should get her essential message that the Government's handling of the situation was cowardly and incompetent.

A roar of protest from the Tories greeted the Prime Minisetr's announcement that the Government was to defer crisis action to give the transport union a chance to end secondary picketing with its code of practice.

"We are astonished at the weakness and hollowness of his statement," Mrs. Thatcher snapped.

"There is absolutely nothing in that to re-establish the authority of Government under the rule of law."

Mr. Callaghan ironically welcomed the Tory leader's non-partisan approach to the country's problems.

Hardship and dislocation were being caused, Mr. Callaghan responded coolly. But he had heard no evidence to conflict with the Government's view that it was unlikely to be eased by proclaiming a state of emergency.

If the union could not increase the supply of essential goods and services then the Government would reconsider the position.

In their union-bashing mood, Mr. Callaghan idly remarked, the Tories were becoming hysterical.

The main problems arose from unofficial action. Did the Tories want the Government to put a few thousand people in jail to stop it?

The Government could also buy peace if it granted substantial pay increases, he added. If that was the policy of the Opposition, it should make it clear. If not, it should not just bellow demands for Government action.

Ministers pray for a Freudian slip

BY ELINOR GOODMAN, LOBBY STAFF

TODAY, one of the Labour Party's pious promises will come home to roost in the embarrassing way that manifesto commitments tend to do.

A Bill embodying Labour's 1974 pledge to replace the Official Secrets Act with a measure to put the burden on public authorities to justify withholding information is to be presented for a second reading.

But instead of being a Government Bill, as many Labour MPs would want, the Bill is the property of Mr. Clement Freud, Liberal MP for the Isle of Ely.

Far from being grateful to Mr. Freud for using his good fortune in coming top of the ballot for private members' Bills in this way, Ministers are distinctly uneasy.

The all-party Freedom of Information lobby has now swollen to the point where it cannot be dismissed by Ministers as a lead of well-intentioned wet liberals.

More than 200 MPs, including Mr. Anthony Wedgwood Benn, Energy Secretary, and some of the most effective backbenchers on both sides of the House, support the call for more open access to information.

The freedom of information cause has become—like motherhood—one of *those things which nobody wants* to be against.

For this reason, the Prime Minister's statement earlier this week that the Government would not be opposing the Bill on second reading is perhaps not surprising.

There was, in any case, a danger that any unofficial arm-twisting of Labour MPs to vote against the Bill would not have worked, as only those interested in the subject are likely to be in the House on a Friday.

But the statement should not be interpreted as meaning that the Cabinet has been converted to the cause overnight.

The Government showed last summer just how far it was from conceding an automatic "right to know" when it published proposals for replacing the notorious "catch-all" section of the Official Secrets Act with a streamlined Official Information Act.

This, in the view of the Freedom of Information lobby, fell far short of what was required.

Even if enough MPs turn up today to secure the Bill a second reading, a spring election would certainly kill it.

If the election is postponed until later in the year, the measure could be emasculated during the committee stage, with the Government putting forward one technical amendment after another—and even the drafters of the Bill admit that it is not technically perfect.

Moreover, if the Government was really determined it might be able to drive a wedge down the middle of the Freedom of Information lobby.

Although the lobby includes members from all parties, it is not as united as it looks.

Some members, like Mr. Freud, think the priority is to establish an official "right to know." Others see the most important task as repeal of Section 2 of the Official Secrets Act.

The White Paper was distinctly lukewarm about the possibility of introducing a full-scale Information Act. *These reservations* about the desirability of such a piece of legislation still exist.

Since the summer, the Home Office has been looking at how other countries cope with freedom of information *legislation, and the signs are that it* is not impressed by the way it is working anywhere.

The Department's findings are expected to be published later this month in a Green Paper, which does not look like committing the Government any further along the freedom of information road.

Certainly, any idea that the Government might be prepared to assist the Bill on its way was largely disabused at a meeting *between Mr. Freud and the* Home Secretary on Wednesday.

Mr. Merlyn Rees made it clear that the Government's commitment not to oppose it at second reading meant just that and no more.

Although Mr. Rees may vote in favour of the Bill, he will do so knowing that there is very little chance of getting it on the statute book.

The Prime Minister, therefore, may not have been giing away very much when he sai dthe Government would not oppose the Bill today.

Even so, the debate could mark a major step forward in the campaign.

If Mr. Rees can be spared from manning the emergency desk, he might vote in favour of the second reading. If he *did, he would* be the first Minister to do so.

Healey rejects food plan

BY IVOR OWEN

THE Government's determination to protect British consumers from the big increase in food prices which would result from the phasing out of *the system of Monetary Compensatory* Amounts cerated under the EEC Farm Policy was underlined by Mr. Denis Healey, Chancellor of the Exchequer, in the Commons yesterday.

He stated that if the MCAs were ended in the way in which had been proposed and the common price for farm products were allowed to rise, there would be "a very damaging effect" on the cost of living in Britain.

Healey's 'unpopular measures' anger Labour leftwingers

BY IVOR OWEN

A RENEWED warning by Mr. Denis Healey, the Chancellor, that inflationary wage increases may force the Government to introduce "unpopular measures" met a hostile response from Labour leftwingers in the Commons yesterday.

Undeterred, he insisted that if wages were allowed to "rip" the Government could find itself compelled to take the sort of action it took in 1975-76, including "rigid control" of further wage increases, public expenditure cuts and rises in taxation.

But Mr. Healey stressed that, as the great majority of the settlements so far made in the current pay round had been within the Government's guidelines, there was "still time to recover control of the situation."

He flatly rejected a suggestion by Mr. Nicholas Budgen (C., Wolverhampton SW) that, because of the Government's political difficulties, the threat to increase taxes or cut public expenditure could not be implemented and that the only action open to him was to introduce even higher interest rates.

"I do not accept anything of the sort," the Chancellor declared.

But when he went on to speak of where the Government might look for support for "unpopular measures," Tory MPs shouted "Look hebind you."

Mr. Norman Atkinson (Lab., Tottenham), the Labour Party treasurer, roared: "The answer is 'no'."

In equally uncompromising terms, Mr. Eric Heffer (Lab., Liverpool Walton), another member of the Party's national executive, told the Chancellor to "come off the cloud you have been sitting on for some time." "The Government," he said, should recognise that the trade union movement, after co-operating with the earlier stages of incomes policy, was not prepared to accept Phase Four.

"If we are to get out of this situation," Mr. Heffer said, "we have to recognise reality and let settlements be reached on a free collective basis and then fact the fact that we will have to deal with the resulting situation."

For example, higher wages for low paid authority workers would have to be met by higher rates. "Don't dodge the realities of the situation."

Mr. Healey retorted that the Government had to take account of a number of realities.

The fact was that if the average level of settlement was significantly above 5 per cent it would not be possible to keep the rate of inflation down.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSING

All-round embosser

"Fima 9200," is suited to a wide range of general industrial marking applications, is now available from the contracts division of Hilti (Gt. Britain) of Manchester.

The 9200 uses a well-proven mechanical embossing head which produces easy-to-read 12 mm x 6 mm characters set at a pitch of 8 mm. However it also has new electronic control circuitry which simplifies operation and increases flexibility. It is available in four versions, depending upon the degree of sophistication required.

In its basic version, a blank label is fed into a holder and data is fed into a memory unit by keyboard and can be called off as required. Keyboard carriage return and line spacing are controlled by a manually operated lever as in a conventional typewriter. A second version of the machine features automatic control of line advance and line spacing.

The third version of the basic 9200 has an input panel which feeds the keyboard. This panel is provided with thumbwheel switches so that an operator with no typing experience can feed in data. A digital display allows the operator to check the information before committing the machine to emboss. This version is also available with automatic control of line advance and line spacing.

Although the Fima 9200 has been designed primarily as a component of integrated cast product identification systems for the steel and allied industries, it will also find application in the labelling of motor vehicles, machine tools and plant and equipment of all types.

Hilti (Gt. Britain), Hilti House, Chester Road, Manchester M16 0GW. 061-872 5010.

Hardening of steel

REDUCTIONS of 90 per cent and more, both in fuel consumption and in processing time, are claimed for plasma carburising as an alternative to gas fired case hardening.

Under investigation at the General Motors Research Laboratories' physics department, plasma carburising takes place in a low-pressure hydrocarbon atmosphere within an electric furnace. By placing a positive electrode above the part and using the steel part as the cathode, the applied voltage induces a plasma which quickly envelopes the component.

Energetic electrons in the plasma dissociate the methane and the resulting carbon dissolves into the steel within 10 minutes at 1040 degrees C. After the applied voltage is removed, and with the furnace set at 1000 degrees C, only 30 minutes are required to diffuse the carbon to the desired depth.

The present method is to "cook" the steel parts in a mixed gas atmosphere at 900 degrees C for eight hours or more.

A move to plasma carburising would require electrically heated ovens and therefore the reduction in relative energy cost would be of the order of 50 per cent, but components treated by the plasma method show remarkable uniformity in the depth of case hardening.

General Motors, Technical Information Dept., Warren Michigan 48090, U.S.

Strips flat cables

PUT ON the market by Eraser International is the D103 unit which will strip the insulation from one side of a ribbon cable, exposing the braided ground plane which may then be peeled away from the remaining insulated conductors and subsequently terminated. The company claims there is no risk of damage to the braided conductor or any other wires.

Insulation is removed from the ribbon cable by a combination of abrasion and frictional heat developed by a fibreglass compounded wheel. The cable is accurately located against the wheel to ensure fast stripping without damage on cable up to two inches wide.

Strip length and cable sizes can be varied by simple adjustment knobs on the machine.

Production rates of up to 300 pieces per hour can be expected from the unit which measures 260 x 406 x 254 mm and weighs 15 kg. A 190 watt (¼ hp) motor is employed, operating from 230 volt mains.

The company is at 2 Hampton Court Parade, East Molesey, Surrey KT8 9HB (07979 8141).

● COMPONENTS

Heavy duty reduction gears

WORLD FIRST claims for a new series of heavy duty reduction gears by the UK engineering group Renold have awakened a great degree of interest in a number of countries including Germany and Poland, as well as Australia and Brazil.

Typically, such gears would be used in exacting duties like mining work, running steel mills and plastics extrusion.

The gears are helical and helical/bevel units and Renold says it is the first company in the UK to produce a universal case design, as well as being the only manufacturer anywhere to provide a whole range of case-hardened and ground gears.

The range provides a series of parallel and right-angle shaft gear units with 24 nominal AGMA (American Gear Manufacturers' Association) ratios from 1.22 to 129.75, in combinations of single, double and triple reduction gear trains.

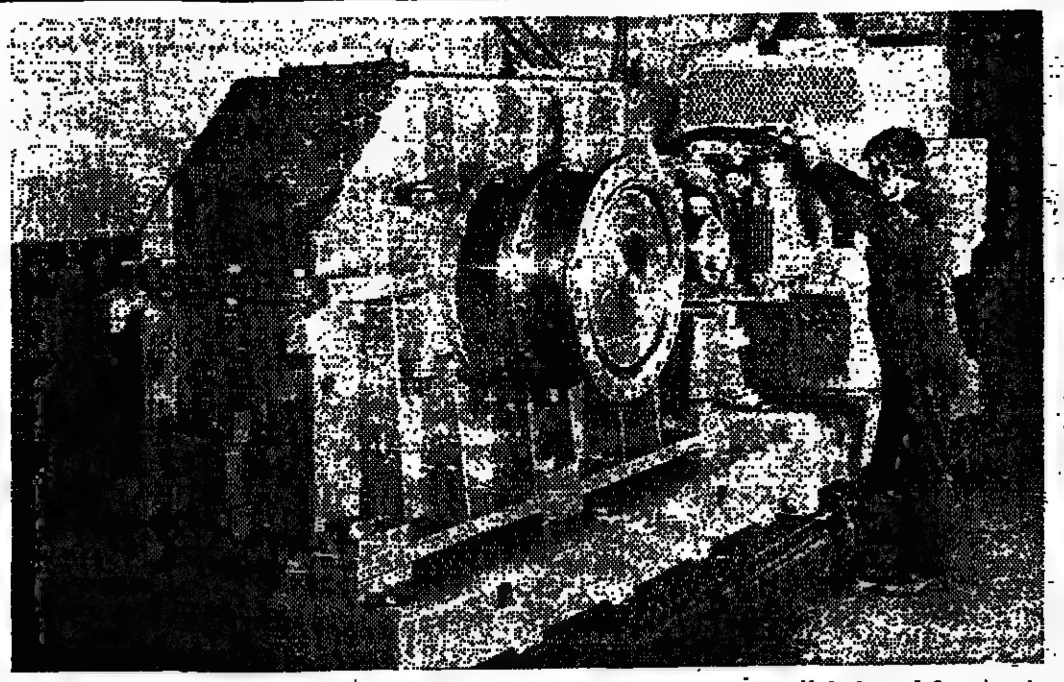
Parallel, helical shaft units cover drives up to 9,00 hp or 6,700 kW, while the right angle, bevel/helical shaft versions are for powers to 1,750 hp or 1,300 kW.

On of the important characteristics of the Renold design is the sharp gain in output for size of box; up to double compared with competing equipment. At the same time, the company is batch-producing standard components, which saves customers time and money in selecting and getting the required unit. Gears are matched to a universal case and assembly time is cut.

The change to ground gearing means efficient power use and a considerable reduction in noise levels.

For the time being, assembly will be carried out in Bradford, but it is the company's intention eventually to stock components around the world at key points so that helical gear boxes may be assembled quickly, closer to where they are required.

Further details from Renold, Renold House, Wythenshawe, Manchester M22 5WL.



Ready for despatch to Brazil is the first of three 300kW heavy duty gear units for the $3.4bn Acominas steel mill project being built by Davy Ashmore International. They are bevel-helical gear trains of a design developed by Renold in Britain and form part of a £350,000 order from that company covering gears and associated power transmission units for the bloom and billet mill furnace charging section of Acominas.

● DATA PROCESSING

In search of the right recruits

SERIOUS COMPUTER staff shortages in London local government have been threatening the setting up of important new computer projects, including some supporting social services and rent and rates inquiry systems. With shortfalls at some local authorities as high as 30 per cent, the problem was not responding to expensive recruitment advertising. In addition a shortage of senior programmers meant that junior staff could not be properly used even when available because of lack of supervisory staff.

At ICL's instigation, all 16 London Boroughs with ICL systems got together with ICL to look at the problem and to decide how best to tackle it. In order to get a clear idea just how bad the problem was, the Working Party's first action was to draw up a questionnaire on staffing requirements and send this to all 16 London boroughs. The seriousness of the problem and the high degree of co-operation between the boroughs can perhaps be indicated by the speed of their response—all 16 boroughs replied to the questionnaire within one week. These staffing statistics were notified to LAMSAC for use in discussions with the Government Training Services Agency.

The Working Party's subsequent report recommended a "Programmers Apprenticeship Scheme." This is a longer course than the usual four weeks, after which trainees still need careful and expensive supervision by senior programming staff, and one with more programming and debugging practice in the classroom, including simulated maintenance work.

The first of these new 22-week courses starts in early February and will comprise both ICL training and project work on customer sites.

The fourteen trainees on each course will primarily be school leavers in the 17 to 19 age group and will normally have passed a local authority aptitude test, although no specific qualifications are required. Each local authority will be responsible for its own selection and recruitment of trainees.

ICL's Education Institute is providing a lecturer, a senior programmer to act as supervisor and a series of realistic programming modules for the students to work on. This course will provide the trainees with six months' intensive training before they join departments and begin real work. Each London borough is paying for its own trainees to attend the course which will be held on local authority premises. Boroughs sending trainees to the first course include Barnet, Camden, Lambeth, Newham, Southwark and Waltham Forest.

This is the first time that all 16 London local government ICL users have worked together to solve a common problem.

ICL on 01-788 7272.

Building society win by Philips

MIDSHIRES Building Society has ordered a £½m Philips PTS 6000 financial terminal system to link cashiers at 35 points in its branch network of 50 offices direct to the Society's Honeywell mainframe. This is the first order for a Philips PTS 6000 system from a building society.

Terminals will be installed over a three-year programme, with the first going on-line in late 1979. Thus, when cashiers get direct access to the mainframe, it will enable them to answer enquiries and effect transactions instantly.

This will mean shorter queues, no more delays for customers and a far more efficient service at the branch. It will also eventually get rid of much of the paper which hampers transaction speed.

Midshires is the product of four years' of amalgamations between 11 societies in and around the West Midlands. It covers an area between Liverpool in the North, Cardiff in the South and Nottingham to the East, including all of Wales, with its chief office in Wolverhampton. With assets of over £225m. Midshires is among the top 25 building societies in Britain and is expanding fast.

Midshires on 0902 710710.

Three new readers

NEW MICROFICHE readers from 3M will accept microfiche, jackets and aperture cards.

The 2800, 3550 and 4600 readers are compact and flexible, offering a number of accessories and lenses. They are aimed at business and industrial environments — insurance, banks, and similar organisations. The market last year in the UK totalled 60,000 units and it is expanding fast.

The 2800 is a full-sized document reader and a three-quarter size COM reader. The 3550 is a full-size COM reader, and the 4600 a dual-page reader, ideal for-say-viewing parts listings produced in dual-page format.

Further details from 3M, 380 Harrow Road, London W9 2HU. 01-286 6044.

Package for solicitors

WITH THE increasingly stringent Law Society practice rules and complex frequently changing tax regulations, many solicitors are finding that more and more time is now being spent attending to client ledgers and less to carrying out actual legal work for them.

Adler Business Systems has been analysing this particular problem and as a result, has released a computer software package specifically designed to handle solicitors' clients ledgers. The software has been developed to operate with the Adler TA 20 range of small business computers and in particular series TA20 NP, which incorporates a needle printer.

Not only can the system be operated by junior staff, it also reduces account preparation, permits instant retrieval of information and actually eliminates the possibility of errors.

Adler Business Systems, Jordon House, 47 Brunswick Place, London, N.1. 01-251 2712.

Micros put to the test

SENTINEL TM, closes the gap between large, general purpose LSI test systems and less expensive, dedicated, benchtop testers.

Its price ranges from $85,000 and about $200,000 for a machine with all possible options. But at an average of, say, $140,000, it is still far less expensive than the large general purpose units.

Sentinel will test high-performance, extended-function microprocessors, associated support chips, and other mature, high volume production LSI devices. The Sentinel contains a Fairchild FST-2 computer, a high speed functional unit and a precision measurement unit. Peripherals include a floppy disc, video keyboard terminal, summary printer and an optional medium-speed line printer.

FST-2 is a general purpose computer with 24-bit word architecture. It is supplied with 32K of semiconductor memory, expandable in 16K modules to 196K.

The high-speed functional unit contains a controller, sequence processor module, 4K of memory and eight real time programmable timing generators that provide test rates up to 10MHZ.

The precision measurement unit provides Go/No go and quantitative voltage or current measurements at individual pins of the device under test at rates of up to 1000 tests per second.

Fairchild Camera and Instrument Corp., John Scott House, Market Street, Bracknell. 0344 21101.

● RESEARCH

Study of testing methods

BATTELLE'S Columbus Laboratories has been awarded a three-year, $2.8m contract from the U.S. Environmental Protection Agency (EPA) to evaluate environmental testing methods for potentially hazardous chemicals.

EPA will use the study results to assist it in selecting tests related to the chemical fate and ecological effects of toxic chemicals. Under the 1976 Toxic Substances Control Act, industry may be required to perform such tests.

Initially, workers will identify classes of tests and available methods for predicting the chemical fate of substances in the environment and for predicting ecological effects of chemicals on aquatic and terrestrial plants and animals.

After available tests are identified and generically classed, they then will be tentatively ranked as to which tests would be best to use. Rankings will be based on a test's significance to the risk assessment process, applicability to a broad spectrum of chemicals and life forms, reliability of results, and acceptability to the scientific community. Also to be considered are factors such as complexity of equipment and facilities required for testing and the length of time needed to obtain results.

The final portion of the study will be devoted to validating the rankings. This will involve conducting laboratory experiments on specific chemicals so that final recommendations can be made. The EPA then will consider these results in selecting the tests industry may be required to conduct.

Battelle, Columbus Laboratories, 505 King Avenue, Columbus, Ohio 43201, U.S.

● HANDLING

Fork truck with a long reach

A LIGHT duty reachtruck with a one-ton capacity has been added to the range of Atlet, Jefferson Way, Thame Industrial Estate, Thame, Oxon. This machine, called ATF/XTF, has a new feature—telescopic forks which can reach forward independent of the mast.

Two models of the telescopic fork reachtruck are available: a stand-on version (AFT) and the sit-on truck (XTF). Fork length is 1050mm, and the traditional reach is 800mm. Both models will life to 4.2 metres.

With the use of the telescopic forks, it is now possible to off-load pallets from one side only of a vehicle. The operator can also reach pallets stored in double tiers of racking from a single side, thereby doubling the ground space available for racking.

The combination of narrow chassis with telescopic fork reach is said to make the machine highly manoeuvrable. Stacking can take place in a gangway of only two metres.

Power from water

PROMISING early results are reported by the Intermediate Technology Development Group, working at Reading University, on a windmill principle turned upside down and applied to the function of the waterwheel.

The machine embodying this principle is potentially far more efficient than any traditional waterwheel, however. And it does not require civil engineering work as traditional waterwheels do. The rotor is merely suspended in the river or other watercourse, from either a floating pontoon or a fixed structure of some kind.

Basically the machine is a Darrieus turbine. The rotor has a vertical shaft to which bowed blades are attached. The assembly looks something like a rotary egg-whisk. It hangs submerged in the stream and is driven round whatever the direction of the stream. Portable designs might be used to power irrigation pumps.

The small-scale prototype tested by the Intermediate Technology Development Group on the Thames at Reading has worked smoothly, giving an efficiency of about 35 per cent. When tests have been done in Britain to establish the basic characteristics of the turbine, its promoters propose to explore overseas potential for local manufacture and use.

Max Ewens, IDTG Power Project, Department of Engineering, Whiteknights, Berkshire RG6 2AH. Telephone 0734 85123.

● SERVICES

Price lists updated

OFFERED by Brian Crank Associates of Southborough, Kent, is a service by which a company's price lists can be kept up to date, printed out and duplicated.

The list is entered on floppy discs, after which it is up-dated using software which allows prices to be changed and products added or deleted as required. The usual format is a product type number, product description and one or more columns of prices.

When a list is needed it is printed out on a daisywheel machine complete with page numbers, sections headings and whatever other comments may be needed. Printer output is photographically reduced in size and used to produce bulk quantities by lithography for distribution to customers.

During updating, pagination is automatically altered if necessary. In addition, the program allows for printing in other currencies, and if a correction is subsequently made in one currency, it will be applied to any others in the system.

More from 58 London Road, Southborough, Kent, (0892 31812).

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

UNDERLYING almost all the "managerial" recommendations of the Corfield Report* are five fundamental arguments:

- That the product design function should be a board-level responsibility, on a par with other key functions;
- That it should be carried out in a "multi-disciplinary" way, in other words that all relevant functions of a business—especially marketing, production and finance — should be brought to bear *on all stages of* product development, in a regular review process;
- That design criteria should cover much more than mere aesthetics: performance, price, marketability, manufacture-ability, reliability, maintain-ability and delivery;
- That the identification of a market need or want should be the very first phase of the product innovation process (for more about this rather controversial statement, see below);
- And that the design process should be carefully monitored and controlled, with a decision to proceed, abort or amend being made at the beginning of each clearly defined phase of the process.

Given its immense amount of detail on how *individual* design projects should be managed and periodically reviewed, perhaps the weakest "managerial" aspect of the report is its lack of discussion about how the board should — even with its newly-designated design director —keep track and control of its company's *overall* design efforts.

Some of the most design-aware companies have a top-level, permanent Product Review Committee, often chaired by the chairman or managing director himself, which regularly assesses, in financial and broad technical terms, the progress of all new product designs. Mr. Corfield's own company operates such a body in the UK, called the "New Business Board." Yet this key type of co-ordinated body is not discussed in his report.

For all its valuable advice on the management of individual design projects, the report also fails to make much of one of the most important lessons of many companies' practical experience: that, if a project is to overcome all the internal organisational barriers it will inevitably encounter, a single manager must be made responsible for it from its very early days, right through until its successful completion, which in most cases should mean mass manufacture and marketing.

A cure for the ills of product design

BY CHRISTOPHER LORENZ

Kenneth Corfield

OVER the last 18 months leading figures from British industry and government, including the Prime Minister and many lesser mortals, have held forth in public and at length about the importance of better designed engineering products to the nation's export drive.

Some companies have doubtless begun to devote more attention to the design of their products. But others, convinced that design can be a risky business, have been waiting for all the ministerial speechifying to bear fruit—in terms of hard cash, most probably in the form of new industrial aid schemes.

They may be sorely disappointed. For a long-awaited report, which was expected to provide the catalyst for government action, has effectively concluded: "The government might do a bit more to encourage good design, but basically it's up to companies to put their own money where their mouth is."

The report, which was presented to last week's meeting of the National Economic Development Council, is far more politely phrased. But its author, Mr. Kenneth Corfield, managing director of Standard Telephones and Cables, has quite intentionally disappointed many of his colleagues in industry, as well as those in the design world—particularly the Design Council—who were pressing for much better government incentives.

Mr. Corfield has no doubts about the importance of good design, and about the failure of many British companies to recognise it. "Failure to adopt a good, strong design policy can only be interpreted as one of the steps on the road to bankruptcy of the company," he says in the Report. "On a national basis, it can only lead to a reduced standard of living."

As we reported extensively last Thursday, Mr. Corfield's report calls for a wide range of institutional improvements, both in engineering, education and training, and in public sector insistence on high quality design when either grants or orders are given to industry. He is also in favour of a shift in government expenditure from capital investment aid schemes to those which promote research, development and design.

Where he differs from some other industrialists, and from what might be called the "design establishment," is in his clear insistence that overall state spending must be reduced, not increased, and that the funds available to encourage good design are therefore limited.

"I am not a corporatist," he says (he is head of ITT's UK operations, and plays a leading role in both the Confederation of British Industry and the British Institute of Management), but he is firmly against still more government intervention in industry's affairs.

He is particularly aware that design is one of the few areas of a company's activties "where management still has complete responsibility," unaffected by government or union obstruction. He wants to keep it that way.

Hence the heavy onus his report places on individual companies to improve the management of their design process, and thereby the quality of their products. It is on this central, but under-reported, aspect of the Corfield Report that this article concentrates.

Some companies argue that this individual, usually termed "Product Manager" or something similar, should take control almost as soon as the idea for the project emerges, whether from the market, the shop floor or the laboratory.

This raises another question about Mr. Corfield's approach. In several instances, including his analysis of the different "phases of innovation" (see illustration), his report suggests that the initial impulse for a new design should always come from the market — or at least from the marketing men — in other words, to use a common piece of management jargon, that the project should be the result of "market pull."

But what about all the financially successful innovations which have come out of production or the laboratories (the result of "technology-push," to use the jargon)? Pilkington's world-beating float glass process is the most obvious instance of a radical innovation of this sort, but there are many much more mundane examples.

Mr. Corfield replies that, though marketing and customer service should be the prime stimulus to the development of a product, the market potential will only be fulfilled if the company's technology is sufficiently developed. This argument explains why the report contains a lengthy section on ways of improving technology transfer (the transfer of knowledge between the academic world and industry, between different companies, and between departments and individuals within the same firm).

Mr. Corfield felt that quite enough innovation of the "technology-push" variety would continue to occur anyway, regardless of what he advised, so he saw little point in devoting precious space in the report to encouraging still more of it.

What, then, is the report's advice on the management of individual design projects?

First and foremost, do not forget the vital importance to a product's marketability of its specification, and of managing the design programme so that the final product meets the specification. After performance, the most important parameters in the specification are price, marketability, manufacture, reliability and maintainability.

The market sector at which the product is directed must be known before design is begun, as must the precise market share to be obtained, the methods of sale and distribution, and the pricing relative to competition. Throughout the period of design, development and any redesign, deviations from the specification must be corrected or incorporated into it by a positive decision.

Cost targets have proved to be the least well observed of all these parameters, the report claims. "It is very hard to face the fact that if the cost expectations of the design cannot be met, then the design may have to be abandoned."

Ergonomic studies must be included at all stages of the design process wherever man and machine will have to act together, the report says. "It is in combining excellence of design with economic manufacture that we see the biggest breakthrough," it argues, adding that close quality control in manufacturing is one of the main factors in ensuring the product is reliable and maintainable.

Mr. Corfield is nothing if not a realist, however. While generally advocating a high level of reliability, and good maintainability, he does allow for what one might call the disposable society: the strategy of offering a product which scores low on both these counts, while persuading people to buy it because "the economics of shorter-term ownership" will be so great to them that (and this is the payoff) they come back to the same supplier for more.

Once all the various specifications have been set and the "innovation and launch" process is under way, it is essential that progress is checked at every stage, according to the report. For example, market requirements are very fluid, and the design proces must continually adapt to them. Weaknesses in previous designs must be fed back promptly and accurately, so that performance, reliability or serviceability can be checked on newer products.

This checking process should be carried out by means of a periodical design review, where representatives of every function in the organisation meet to discuss in detail the progress achieved against specification. The functions represented should include: engineering, design, manufacture, quality assurance, marketing, purchasing, finance, personnel, legal and, if necessary, outside consultants.

Design reviews should not, of themselves, incorporate binding courses of action but their recommendations should "have an impact" on line decision-making.

Mr. Corfield stresses the need for a close relationship between the design process and the procedure which is known in most companies as product planning.

MANAGING DESIGN: THE ELEVEN PHASES OF INNOVATION AND LAUNCH

Phase	Activity	Responsibility
1.	Identify need or want	Marketing with Engineering Assistance
2.	Specification	Marketing and Engineering size
3.	Relevance of product	Marketing, Production Financial and Legal
4.	Conceptual Design	Engineering
5.	Preliminary cost estimate	Production
6.	Evaluation	Finance and Marketing
7.	Detail design	Engineering
8.	Prototype	Engineering
9.	Manufacture	Production
10.	Product Launch	Marketing
11.	Product Review	Marketing, Engineering and Financial

Source: Corfield Report on UK Product Design.

Though essentially a marketing responsibility, product planning must involve the entire management of an operating unit, the report says. It is essential that technical and all other functions be involved at every stage.

It is product planning that indicates the need for design and the requisite timing of the process, says Mr. Corfield. It also develops the specification against which the design is monitored, he says. It enables the customer to be given "the right product, at the right time, at the right place, and at the right price."

**Product Design. Report by K. G. Corfield. Ann x to NEDC (79) 3. National Economic Development Office, Millbank Tower, London, SW1. Tel: 01-211 3000.*

Quality and value are the major priorities

MANY of the Corfield Report's arguments for the economic importance of good product design will be familiar to readers of this page over the past nine months. For example, he draws heavily on the April 1977 NEDO report on "International Price Competitiveness, non-price factors and export performance."

This suggested that UK exports were concentrated at the less sophisticated end of the market, in contrast with France and Germany in particular, and that this was a significant factor in its poor trading record.

Corfield rams home this point in no uncertain terms: "The difference between the apparently more successful companies and countries and those less so is not in the quantity of work performed, but rather the quality: not in the volume of the final output but in the value added to basic raw materials." This value is determined more by the quality of design and by the way it is made to meet the customer's requirements, than by other factors, the report argues.

Scepticism

There is one particular section of Mr. Corfield's economic analysis which should shake company directors out of their scepticism about the high cost of good design: "Good design leads to increased sales in an elastic market, and to better price levels where total demand for the product is limited." Manufacturing costs, he goes on, can be reduced by economies of scale in production, or by making a more manufacturable or repeatable design.

"Conversely, more attention to design may lead to additional costs, at least in the short term. For example, there may be extra promotional costs to convince customers of the superiority of the new product." But despite possible extra additional costs, excellent design and economic production add value to the basic resources used.

"This increases the market price of the goods, or increases sales at the same price. In this way, revenue moves ahead of costs, thereby generating opportunities for improved wages, and profits for re-investment."

Problems of raw materials and components

ONE OF the factors which is impairing the efforts of British engineering companies to improve their product design is the inadequate supply of high-quality materials and components, according to the Corfield Report.

The difficulties reported through NEDC's sector working parties are less concerned with availability than with clear and reliable specifications, and especially advanced specifications.

The UK motor industry, for instance, the report says, has persistently complained about the poor quality of deep drawing steel sheet, which places limitations on designers and production. "Our overseas competitors have not apparently been constrained in the same manner."

Explaining how such limitations arise, the report says the quality of steel sheet, and that of other materials, will be a deciding factor in the number of operations needed to achieve a given shape.

"Cases are known where a single drawing operation will suffice with one quality, while three or four separate drawing operations may be necessary for an indifferent or unreliable quality." The quality must also be consistently achieved; otherwise production cannot proceed, or only with delay.

Other important quality considerations for sheet and strip materials cited by the report are strength, freedom from corrosion, surface finish and plateability. "If the materials and componets the designer has available are not consistently up to the international standards used by competitors, his best work will prove abortive."

There seems to be a lack of flexibility and speed of response to new technology in many UK component industries, according to Mr. Corfield—though he is careful to add that this is not always the case.

Looking at some of the successful strategies adopted by Britain's competitors, the report mentions in particular the German company DEMAG and the Japanese automotive and fork lift truck industry.

DEMAG, West Germany's leading maker of mechanical handling equipment, derives considerable strength from its policy of basing different product ranges on standardised parts which can be produced at different locations throughout the world.

A similar approach has been taken in Japan, where impressive design work has been undertaken on wht the report calls "integrated componentry."

In Britain, the component industry should be encouraged to grow, says the report, particularly in precision, mechanical and electromechanical engineering, as well as in electronics. Large companies could help this process by the adoption of "make-or-buy" policies based on a rigorous analysis of total costs of production, production control and stock holding.

For the components industry, this would mean increased investment both in capital equipment and technical personnel. For customer companies, it would entail improvement in the status of the purchasing function.

It would also be essential for the components supplier to differentiate between jobbing work—where he is producing details designed by the buyer company—and the supply of components of his own design, preferably to standard specifications which the buying company uses without modification in its design programme.

LOMBARD

Regeneration in practice

BY GEOFFREY OWEN

THE "de-industrialisation" of Britain has become the subject of anxiety among politicians and civil servants and learned debate among economists; an important study was discussed by Peter Riddell in this column on Monday. But if one wants a practical illustration of the problem—and of what can be done about it—then the story of the Singer sewing machine factory at Clydebank provides an almost perfect case study.

What has been happening to this factory over the past fifteen years encapsulates virtually all the well-known weaknesses of British industry—weak management, fragmented trade unions, inefficient working practices leading to high costs and consequent loss of market share. The question is—is this a terminal disease or is it possible, by decisive action on the part of all the people concerned, to effect a cure?

Heavy losses

The Clydebank factory is very large and very old. In the early 1950s it was still employing some 14,000 people. Although it is an American company, Singer used Clydebank as its main manufacturing source for export markets and for many years it had a commanding position throughout the world. But just like the British motor cycle manufacturers, Singer began to encounter during the 1950s and 1960s stiff competition from Far Eastern producers. Intense price competition exposed Clydebank's internal inefficiencies and the plant started losing money heavily.

The errors made by management during this period — and frankly admitted by Singer's present senior executives — are all too familiar. There was no clear idea of which product or products Clydebank should concentrate on. Hence there was a proliferation of models, very few of which could be manufactured at economic volumes. The position was not helped by the age and clapped-out nature of some of the machinery.

The shortcomings of management contributed to, and were certinly aggravated by, inefficient work practices which included barriers to the transferability of employees between parts of the factory, resistance to the use of outside suppliers and an illogical pay structure. In short, most of the things that could go wrong in a British factory went wrong at Clydebank, with the important exception that the product itself was not fundamentally uncompetitive, at least as far as its technology was concerned.

The parent company in the U.S. had been in a shaky state a few years ago and the new management which was then installed has closed down or sold off several loss-making operations. The closure of Clydebank was clearly a possible option, but last June the company came up with a plan that would preserve a sizeable operation on the site, but with a considerable reduction in the workforce (from 4,800 to 2,100), a drastic reduction in the model range and an £8m investment in new plant. The plan was conditional on acceptance by the employees of far-reaching changes in work practices.

The immediate reaction of the workforce was to reject the plan. Independent consultants were called in to examine alternative possibilities; their suggestions, which were accepted by the company, were for additional models to be included in the revised product range, permitting the retention of some 700 more jobs than the original plan had envisaged.

The revised proposals, too, were thrown out, but this week, after much persuasion by union officials and local community leaders, the employees changed their minds and accepted them.

The point of telling this story is neither to criticise the Singer executives nor to praise them, but simply to underline that if the run-down parts of British industry are to be modernised, three things are needed—first, a firm decision by management to tackle the problem, second, the formulation of a detailed plan of action (with a clear understanding on management's part of which items are negotiable and which are not) and, third, a determined effort to sell the plan to employees and their trade unions.

There is, of course, a long way to go before the future of Clydebank can be regarded as safe; Singer's competitors in Japan, Taiwan and elsewhere are not going to stand still while the modernisation takes place. But the opportunity for a fresh start has been created.

An insurance policy to safeguard employment in Derbyshire

BY ANTHONY MORETON

ODD POCKETS of snow clung to the corners of fields in the High Peak district of Derbyshire earlier this week and the weather forecasters threatened that there was more on the way. The weather simile is not inappropriate to the economic situation in a county where despite a considerable degree of prosperity there are still pockets left out in the cold.

To do something about those cold pockets the county council this week launched a big campaign to attract new industry. It is to spend £7m over the next five years, the bulk of it on providing new industrial sites and the rest on advance factories.

Derbyshire is largely a rural county with a considerable income from the tourists who flock in spring and summer to its small towns such as Buxton, Bakewell and Matlock, as well as to the Peak district. It is within easy reach of industrialised Yorkshire and Greater Manchester and on a fine day its roads are as choked with traffic as those of the Lake District.

Its prosperity can be seen from the unemployment figures for the small town of Matlock, which houses both the county council and the local district council. It has 2.8 per cent out of work against a national average of 5.6 per cent. Given that there are always some unemployables and others between jobs, Matlock has virtually full employment.

Even the cold pockets, such as Chesterfield (where there are 2,000 men alone of work), Clay Cross and Alfreton, are not really depressed areas compared with other parts of the country. Chesterfield, one of the hardest-hit parts of the county, has 5.3 per cent out of work. Compared with Sunderland or Liverpool, its difficulties are slight.

The county council is aware that such low figures are not a ground for complacency. A considerable part of the industrial base of the county is in transition, and some form of insurance policy has to be taken out.

Many would like to see an extension of assisted area status. About 40 per cent of the county qualifies for intermediate area help, comprising the whole of the northern half of the county—where it borders South Yorkshire—and much of the eastern side, where it adjoins Nottinghamshire. But it is difficult to justify such a prosperous area being given further aid. And it is hard to see how some of those parts which already qualify keep their aid.

AROUND BRITAIN

DERBYSHIRE

Consequently, Derbyshire has opted for self-help. The largest allocation of the £7m—some £5m—is to be spent on the sites and advance factories. The council believes that the programmes will lead to a £50m spin-off as private industrialists and developers take them over.

Seven areas have been earmarked for development, involving more than 300 acres at Glossop, Darley Dale, Swadlincote, Ilkeston, Barlborough, Chesterfield and in Derby itself. The Darley Dale project will have a low priority because although the county's structure plan postulates that some form of industrial activity should be initiated in the Matlock area, the economic arguments for it are now less pressing.

Chesterfield will, naturally, have the largest allocation, with a site of 81 acres. The town has diversified industry, including coal, steel, paper, glass, engineering and pipe-making. But its needs are such that it has been designated for intermediate area status for some time. It will also benefit from the advance factory programme.

The £2.1m to be spent on these factories will provide about 180,000 sq ft of space over the next two years. Most of them will be small to medium size. But where 20,000 sq ft units are put up, they will be constructed in such a way as to be divisible into four units of 5,000 sq ft each. Flexibility was a word much used when the programme was announced.

The Government has made some contribution with advance factories in the past, and has been successful in letting them. Two in Chesterfield were allocated before they were completed and others have been taken in Alfreton, one of the county's black spots. But it has had a largish one of 15,000 sq ft on its hands in Clay Cross for well over two years and one wonders whether this might have anything to do with the town's turbulent political past.

Both the investment programme and the factory-building scheme are eventually expected to provide 6,000 jobs. This would go a long way to mopping up the county's present unemployed, though the programmes are also seen as the country's insurance policy.

This is important simply because the county is in transition. Traditional industries, such as mining, quarrying and textiles, are in decline and in their place have emerged light engineering, furniture, plastics, jet engines and services. Derby remains the centre of the county's industry and still has

its important British Rail workshops, where it is turning out the High-Speed Train, which should assure it of work for some time. It also has the important Rolls-Royce works.

What Derbyshire wants is to turn a large number of industrial inquiries into commitments. A high proportion of initial inquiries eventually go elsewhere. Alfreton, where 7,000 people are now working on estates, has proved that if the right facilities are provided the work will come.

Derbyshire has one very big advantage. It is enclosed by motorways, so that access to the rest of Britain is both quick and easy. This is a feature that it intends to bring home forcibly to potential newcomers; the success of Alfreton in attracting jobs proves that with the will it can also succeed in doing something more for the rest of the county.

Improving Slasher set to win

RACING

BY DOMINIC WIGAN

SEA SWELL, withdrawn at the final declaration stage from a handicap at Newton Abbot yesterday, in which he was due to meet Jimmy Miff on 6 lbs worse terms for a length beating, goes instead for the three-mile Hanworth Chase at Kempton this afternoon. The tip could be worth taking.

Nick Gaselee's useful nine-year-old, a winner on his re-appearance back in September, seems particularly well treated with 10 st 3 lbs following his narrow defeat by Village Thief at Newton Abbot. I hope that he will justify his trainer's switch by gaining his most important National Hunt success to date.

For the danger I turn to Stan Mellor's Trustful, who although pulled up at the 17th in Ascot's SGB Chase on his seasonal debut, is a difficult jumper to beat on his day, and one always capable of springing a surprise when there is plenty of give in the ground.

A second race in which representatives from the Gaselee and Mellor camps could play dominant roles is the two-mile Easter Hero Chase. Here Gaselee's top weight, Well Oiled, will try to give the best part of a stone to the former champion jockey's Jave River.

The latter would undoubtedly have disposed of Red Bin and September Rain in the Belvoir Chase at Fakenham over today's trip last month but for a bad mistake at the final fence, and I intend taking a chance on no similar errors here.

Of the two divisions of the Middlesex Novices' Hurdle the second, which closes proceedings at 4 o'clock, seems to be by far the more competitive. Here the field includes Owen Glin, Slasher, Overwhelmed and Never Lit Up. My idea of the likely outcome is a victory for the Derek Kent-trained Slasher, who could start at attractive odds owing to the presence of Fred. Winter's easy Newbury winner, Owen Glin.

Slasher, something of a disappointment in the second half of last season, could not have obliged more easily at Wincanton on Boxing Day: forging clear after clearing the penultimate flight to win as he pleased from All Amber.

That was undoubtedly a smart performance despite an unremarkable time, and any improvement on it will see him proving extremely difficult to contain.

In the opening division of the Middlesex Hurdle Slasher's stablemate, Mister Oats, the 12-length conqueror of Border Gem at Worcester, will run well without, perhaps, being good enough to account for the consistent Chelsea Bar.

Kempton
1.30—Chelsea Bar
2.00—Young Robert**
2.30—Sea Swell*
3.00—Jave River
3.30—Raise A Bounty
4.00—Slasher***

TV/Radio

BBC 1

† Indicates progamme in black and white

9.30 am For Schools, Colleges. 10.45 You And Me. 11.05 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Trumpton. 2.02 For Schools, Colleges. 3.20 Pigion Pentwyn. National Eisteddfod. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Hong Kong Phooey. 4.30 Jackanory. 4.45 Horses Galore. 5.10 Grange Hill. 5.35 Ludwig.
5.40 News (London and South-East only).
5.55 Nationwide.
6.20 Nationwide.
7.00 Tom and Jerry.
7.10 Wonder Woman.
8.00 The Superstars.
9.00 News.
9.25 Running Blind.
10.15 Up, Up and Away (London and South-East only).
10.45 Regional, National News.
10.50 Petrocelli, "Night Games."

All Regions as BBC 1 except at the following times:—

Wales—11.05-11.30 am For Schools. 1.45-2.00 pm Sioncyn Sponcyn. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.30-8.00 National Eisteddfod. 10.15 Kane on Friday. 10.45-10.50 Regional, National News.

Scotland—5.55-6.20 pm Reporting Scotland. 10.15 Spectrum: Karl Anton Rickenbacher conducts the BBC Scottish Symphony Orchestra. 10.45-10.50 Regional, National News.

Northern Ireland—10.23-10.43 am For Schools. 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Countryside. 10.45-10.50 Regional, National News.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth). 10.15-10.45 East (Norwich) Variations; Midlands (Birmingham) Midlands Tonight; North (Leeds) Springtime With Geoffrey Smith; North East (Newcastle) Friday North; North West (Manchester) Unlucky For Some; South (Southampton) Lawrence of England; South West (Plymouth) Peninsula; West (Bristol) Jazz At The Seaside.

BBC 2

11.00 am Play School.
5.35 News On 2 Headlines.
†5.40 Charlie Chaplin in "Behind the Screen."
6.10 Horizon.
7.00 Mid-Evening News.
7.10 Rebecca.
8.05 Delia Smith's Cookery Course.
8.30 Country Game.
9.00 Pot Black '79
9.25 Film International: "Belle De Jour," starring Catherine Deneuve.
11.05 Westminster.
11.30 Late News.
11.40 Rock Goes to College.
12.20 am Closedown (reading).

LONDON

9.30 am Schools Programmes. 12.00 A Handful Of Songs. 12.10 pm Rainbow. 12.30 The Cedar Tree. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Sounds of Britain. 2.00 After Noon Plus. 3.20 Heart To Heart. 3.50 The Sullivans. 4.15 The Ghosts of Motley Hall. 4.45 Magpie. 5.15 Thames Sport.
5.45 News.
6.00 Thames At 6.
6.30 Emmerdale Farm.
7.00 The Muppet Show.
7.30 Sale Of The Century.
8.00 General Hospital.
9.00 Vegas.
10.00 News.
10.30 Police 5.
10.40 Soap.
11.10 The London Programme.
12.10 am George Hamilton IV.
12.40 Close: Readings from Jung, with a painting by John Bellany.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.25 Friday Matinee: "The Shell Game" 5.15 Sam. 6.00 About Anglia. 10.30 Probe. 11.00 Friday Late Film: "Odds Against Tomorrow." 12.45 am Christians in Action.

ATV

1.20 pm ATV Newsdesk. 3.50 The Practice. 5.15 Happy Days. 6.00 ATV Today. 10.30 Mary Hartman, Mary Hartman. 11.00 Love At The Movies: "Love and Pain and the Whole Dam Thing."

BORDER

†1.20 pm Border News. 2.25 Matinee: "Call Her Mom." 5.15 Garnock Way. 6.00 Lookaround Friday. 6.30 Welcome to the Ceilidh. 10.30 Your MP. 11.00 Late Film: "The Black Torment." 12.35 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 2.25 The Friday Matinee: "Mrs. Sundance." 5.15 Emmerdale Farm. 6.00 Report at Six. 6.35 The Stationary Ark. 10.28 Channel Late News. 10.32 Action Adventure: "Sands of the Kalahari." 12.35 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.15 Emmerdale Farm. 6.00 Grampian Today. 6.35 Sportscall. 7.30 Welcome to the Ceilidh. 10.30 Reflections. 10.35 The Party's Over. 11.05 The Friday Film: "What's The Matter With Helen?" 12.45 am Grampian Late Night Headlines, followed by Road and Ski Report.

GRANADA

1.20 pm This Is Your Right. 2.25 Friday Matinee: "Bad Ronald." 5.15 Mr. and Mrs. 6.00 Granada Reports. 6.30 Kick Off. 10.30 The Friday Film: Sophia Loren in "Operation Crossbow." 12.40 am Henry Ford's America.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.25 The Family. 5.15 Laverne and Shirley. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 10.35 Report Extra. 11.05 The Late Film: "The Morning After."

HTV CYMRU/WALES — As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.15-4.45 Plant y Byd. 6.00-6.15 Y Dydd. 10.35 Snooker Special. 11.05 Outlook on Agriculture. 11.35-12.30 am Rush.

HTV WEST—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News Headlines and Road and Weather Report. 5.15 Emmerdale Farm. 6.00 Scotland Today. 6.30 The Mary Tyler Moore Show. 7.30 Christian. 10.30 Ways and Means. 11.00 Late Call. 11.05 Appointment with Fear: "Revenge of Frankenstein."

SOUTHERN

1.20 pm Southern News. 2.00 Farmhouse Kitchen. 2.30 Friday Matinee: "The Great Niagara." 5.15 Happy Days. 6.00 Day By Day. 6.00 Scene South East (South East area only). 6.30 Out of Town. 10.30 Weekend. 10.35 The Southerners. 11.05 Southern News Extra. 11.15 Soap. 11.45 The Late, Late Show: "Fear Eats The Soul."

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.25 Friday Film Matinee: "Virgin Island." 5.15 Mr. and Mrs. 6.00 Northern Life. 6.25 Sportstime. †10.30 The Friday Film: "The Nanny." 12.15 am Epilogue.

ULSTER

1.20 pm Lunchtime. 2.25 Man From Atlantic. 4.18 Ulster News Headlines. 5.15 Mr. and Mrs. 6.00 Good Evening Ulster. 6.30 Sportscast. 10.30 Quincy. 11.30 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 The Friday Matinee: "Mrs. Sundance." 5.15 Emmerdale Farm. 6.00 Westward Diary. 6.35 Time Out. 10.28 Westward Late News. 10.30 Action Adventure: "Sands of the Kalahari." 12.35 am Faith for Life. 12.40 West Country Weather, Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.25 Friday Film Matinee: Columbo. 5.15 Bailey's Bird. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Sport. 9.00 Edward and Mrs. Simpson. 10.30 Appointment With Fear: "What's The Matter With Helen?"

Radio Wavelengths

1 1053kHz/285m 1089kHz/275m	3 1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz, 206m & 94.9vhf
2 693kHz/433m 909kHz/330m & 88-91vhf stereo	4 200kHz/1500m & 92-95vhf	Capital Radio: 1548kHz, 194m & 95.8vhf
		London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
† Medium wave

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.00 Andy Peebles. 5.30 Newsbeat. 5.45 Kid Jensen. 7.30 As Radio 2. 10.02 The Friday Rock Show (S). 12.00-2.02 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 David Allan (S). 7.32 Ray Moore (S). 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S). 6.45 Sports Desk. 7.02 Sequence Time at the Radio 2 Ballroom (S). 8.02 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Treble Chance. 10.30 Fiesta De Dorita with Paco Peña. 11.02 Brian Matthew introduces Round Midnight including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Berwald (S). 9.55 Young Artists Recital (S). 10.55 Brahms (S). 11.25 Beethoven and Schumann Piano recital (S). 12.15 pm Midday Prom Part 1 (S). 1.00 News. 1.05 Playbill (S). 1.20 Midday Prom Part 2 (S). 2.05 Music At Lavenham, Suffolk Part 1 (S). 2.45 The Amiable Vegetable (Talk by Fritz Spiegl). 2.55 Music At Lavenham Part 2 (S). 3.40 Ravel, Ligeti and Roussel (S). 4.40 Young Composers '78 (S). 5.45 Homeward Bound (S). †6.30 News. †6.35 At Home. 7.30 Wigmore Hall Summer Festival 1978 Part 1 (S). 8.05 Stories On 3. 8.20 Wigmore Hall Summer Festival Part 2 (S). 9.10 Congreve and Comedy (Talk by Peter Wood). 9.30 Shostakovich and Rachmaninov (S). 11.10 Crusell and Beethoven. 11.55 News.

VHF—6.30-7.30 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, Magazine, including. 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Baker's Dozen. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 Down Your Way. 11.40 Announcements. 11.45 Listen With Mother. 12.00 News. 12.02 pm You And Yours. 12.27 My Music (S). 12.55 Weather; programme News. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 On The Grapevine. 4.35 Story Time. 5.00 PM News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick Of The Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Week Ending (S). 10.55 Fritz On Friday. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today In Parliament. 11.45 Just Before Midnight. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 11.40 Lobby. 12.30 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Track Record. 10.00 Late Night London. 12.00 Close: As Radio 2.

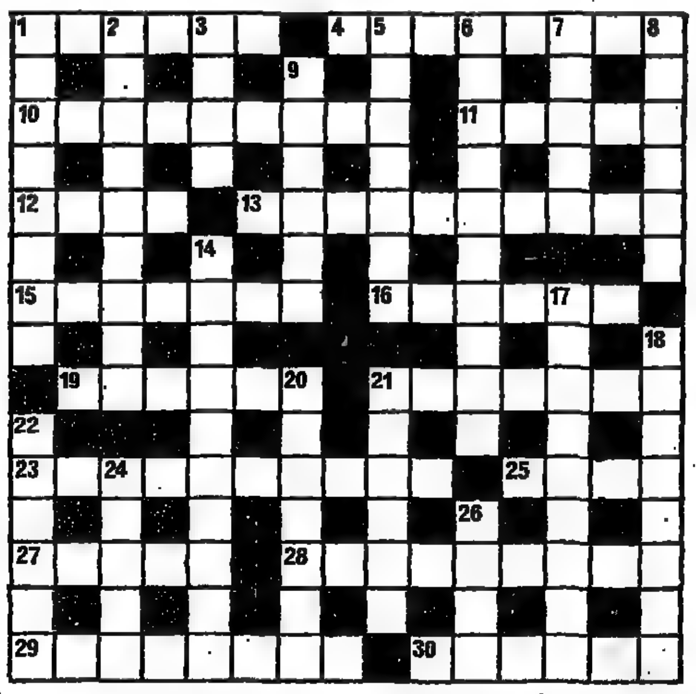
London Broadcasting

5.00 am Morning Music. 6.00 AM: 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Mike Allen (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adnan Love's Open Line (S). 9.00 Nicky Horne's Mummy's Weekly (S). 11.00 Mike Smith's Late Show (S). 2.00 am Ian Davidson's London Link International (S).

F.T. CROSSWORD PUZZLE No. 3,875



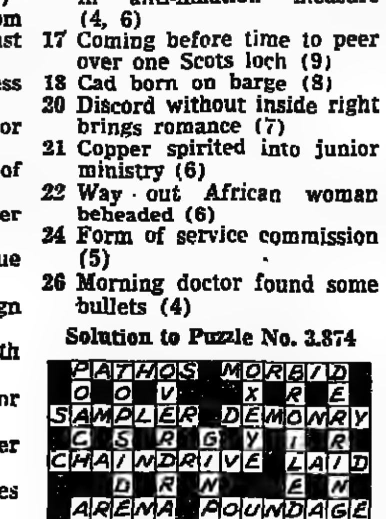
ACROSS

1 Plump for third-rate spouse (6)
4 Peculiar remedy (8)
10 Visit to pub near ordinary ring (5, 4)
11 Witches try to leave Midland town (5)
12 An objection to border (4)
13 Discourage racetrack from providing protection against rise in moisture (4, 6)
15 Ready to support progress check (7)
16 Engineer responsible for Bulldog Drummond (6)
19 The first person I thought of (6)
21 Dominant Cuban leader learnt differently (7)
23 Speak quotably to continue best performance (2, 2, 6)
25 Call and get engaged sign (4)
27 Furnish Cockney layer with subscription (5)
28 Resting as duty on rector (9)
29 Suitable material worker gives policeman (8)
30 Brief moment employer sees cat (6)

DOWN

1 Falling in with officer over mistake... (8)
2 ... in distant parts of Highlands (2, 7)
3 Nonsense for speculator (4)
5 Swelling in nose affecting parrot and cat they say (7)
6 Lords and ladies crazy over large beer (6; 4)
7 Make a note to fire five (5)
8 Is Edward in position to be preserved? (6)
9 Stop up demand for material (6)
14 Carry on to prevent dealings in anti-inflation measure (4, 6)
17 Coming before time to peer over one Scots loch (9)
18 Cad born on barge (8)
20 Discord without inside right brings romance (7)
21 Copper spirited into junior ministry (6)
22 Way out African woman beheaded (6)
24 Form of service commission (5)
26 Morning doctor found some bullets (4)

Solution to Puzzle No. 3,874



ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

TRAVEL

COSMOPOLITAN '79
Villas & Windmills

THE ARTS

Cinema

America's prophet of doom

by NIGEL ANDREWS

Blue Collar (X) Gate 2
The Chess Players (A) Academy 3
Damnation Alley (A) and Thunder and Lightning (A) Rialto
Seeing in the Dark ICA
Lunchtime Cinema Essential

Paul Schrader, writer-director of *Blue Collar* and before that writer of *Taxi Driver*, is America's resident Prophet of Doom. In *Taxi Driver*, with the aid of director Martin Scorsese, he portrayed New York City as a modern Dante's Inferno, in which naked psyches writhed amid the steamy subway vapours and blood-red neon lights of the city at night. In *Blue Collar* Schrader has moved to Detroit, but he has taken his evangelistic cynicism with him. All is for the worst in the most brutal of all possible worlds. One feels with Schrader that if there were not already, luckily for him, a fair number of present-day Hells-on-Earth to choose from, he would have to invent new ones for his movies.

Hidden away somewhere inside Schrader there is a purgatorial masterpiece, but *Blue Collar* is not it. Schrader's hungry pessimism, which nibbledholes out of the characters in *Taxi Driver*, gnaws away at them even more vigorously in *Blue Collar*. The film's "heroes" are three workers at a Detroit car factory—two black (Richard Pryor, Yaphet Kotto), one white Harvey Keitel)—who decide to relieve their pressing penury by robbing their own union's safe. Instead of the expected fortune in cash (their haul is a mere $600), they find a notebook listing dubious loan transactions by the union and decide to use it for blackmail. But the union has its own special strategy of self-defence—which is to play off its enemies against each other, strong against weak, black against white—and the trio are first divided, then conquered.

The implicit plea for race and class solidarity in the film's conclusion rings a little tinny. Schrader has said, that he started out to make an entertainment movie and ended—"despite" himself—with a Marxist message. But it doesn't look that way. Swathing the film in sullen blues and blacks, and setting it to a jazzy score that is often like the pulse of a factory workfloor, Schrader seems to be loading the dice from the beginning.

The film's virtues are strong ones, but in typical, law-of-the-jungle Schrader fashion they are used to beat down the weaker elements. Kotto and Pryor are both vividly characterised: one a dignified, majestic layabout, the other a nervy, combative wheeler-dealer who moves believably from being the ace troublemaker in his own union to being the first of the trio to "sell out" when the backlash to their blackmail attempt becomes too fierce.

But these high-definition performances come on so strong that they end by "defining" the weaker member's. Keitel is a pugnacious actor, but here he struggles in a follow-my-leader role as the token white. With his character a cipher, there is no real union of races to begin with in the film, so the idea of its division and disintegration rings false. What *Scharder is saying on the surface* is "Look how an exploiting System prevents blacks and whites from living and working together." What comes through one level beneath the surface is "Blacks and whites cannot live together, *ipso facto*: witness the social and psychological imbalanceof the central trio."

It's a divisive, nihilistic film masquerading as a cautionary, would-be healing one. Schrader's love of pessimistic apocalypse gives *Blue Collar* a raw energy and a fierce momentum—the sense of events spinning out of control in the later scenes is masterly —but he hasn't the honesty to admit his basic pessimism, that he doesn't really believe in racial harmony at all. The "System," that cliché concept that is no more closely defined in this film than it u sually is, is just a Devil-ex-Machina superfluously sprung from the nether-world to shatter to pieces something that was never whole to begin with.

★

If one were looking for a polar opposite to Schrader's omnivorous cynicism, one might glance East and find Satyajit Ray. His latest film *The Chess Players* takes a comparably dim view of human nature, but Ray's questioning mind is not satisfied with facile pessimism. His probing wit keeps discovering seams of hops, humour and compassion in stories superficially bleak and cynical.

The Chess Players is a historical *pas de deux* in which two different but contemporaneous stories are played off against each other. Story number one is plucked from the grand design of history itself: how King Wajid of Oude surrendered his throne and his throne and his royal powers to the East India Company, alias the British Empire, in 1856: peaceably, after a brief flirtation with the idea of revolt. Story number two concerns two indolent noblemen living in Lucknow, the king's roal seat, who blithely neglect the political turmoil around them(and the more immediate private turmoil in their midst—one has an unhappy, the other an unfaithful, wife) to indluge their incorrigible addiction to Chess.

Richard Pryor in "Blue Collar"

The slow, very interweaving of these stories is so mandarin-paced that non-converts to Ray may sigh in exasperation. But the film's cumulative design and impact are worth the wait. There are oddities. Cast in the English-speaking role of General Outram, chief British negotiator, is Richard Attenborough, whose sing-song Scots accent is an acquired taste that I did not acquire. But Ray presents him in manageable small doses, and the scene-stealing is left to Amjad Khan as the poetry-writing, melancholy-dandyish king—an oriental Richard II—and to Saeed Jaffrey and Sanjeev Kumar, superb as the chess players.

The film is set in the twilight land between war and peace, and in the characters both of the king and of the chess players it defines that shadowy frontier where self-preservation and the love of leisure blend insidiously into cowardice. *The Chess Players* can be seen partly as a personal work—Ray's circumspect response to young critics and film-makers demanding that he "politicise" himself and become a more embattled director—partly as a universal tragicomedy of prevarication. Filmed in a beautiful series of reds, golds and blues, Ray's first all-colour feature film is also a feast for the eyes.

★

The new double-bill at the Rialto — *Damnation Alley* and *Thunder and Lightning* — is mainly for addicts. The first has a beguiling B-movie lunacy, in its story of a trio of H-bomb survivors (Jan-Michael Vincent, George Peppard, Paul Winfield) who blaze a post-holocaust trail across America and discover *en route* giant scorpions, man-eating cockroaches and Dominique Sanda. The second has David Carradine and car chases: Mr. C. playing a sort of Robin Hood of the Florida Everglades with a speciality in meting out vengeance to rich moonshine racketeers. Produced by Roger Corman, the film has much of the comic-strip energy of his usual fare (*Death Race 2000; Piranha*) but little of the wit and inspiration.

★

More edifying is the current season films at the ICA presented under the title "Seeing in the Dark." Interweaving different ideological strands—Third World cinema, feminism, the labour movement —the season is a handy round-up of recent political cinema. Titles to watch out for include *Courag of the People*, by Bolivian director Jorge Sanjines; *Tongpan*, from Thailand; and *Jeanne Dielman*, by France's Chantal Ackerman. You can also sort through some recent British independent films —*Hogarth*, *Th Silent Cry*, *In The Forest*—and decide which you like, which you don't.

As a pendant to this season, try also an excellent new programme of lunchtime cinema at the Essential, Wardour Street: more British independent films, including two antimated shorts about painters (*Hokusai*, *Lautrec*) and Geoff Dunbar's gloriously revolting cartoon version of *Ubu*.

Coliseum

Il trovatore

The revival of *Il trovatore* by the English National Opera at the Coliseum has the not inconsiderable merit of conviction. John Copley's production, now staged by Hugh Halliday, takes the much-maligned plot quite seriously—after all. Verdi did too — and in consequence the characters and their actions become, within the conventions of mid-nineteenth-century opera, perfectly credible. The most vivid example of this credibility follows the *Miserere*, when Leonora advances to the front of the stage and declares that she will give her life to save her lover Manrico from the death that awaits him.

It is a portion of the role that Rita Hunter has always done particularly well; and because she expresses her emotions with real feeing, we believe her without reservation. Earlier at Wednesday's performance, Miss Hunter was slightly less plausible. Her voice took a while to warm up and moved stickily at first. But by the finale to Part Two, in the cloister of the Convent of the Holy Cross, she was pouring out the accustomed flood of burnished copper-coloured sound. Tom Swift, who sings Manrico, is another singer who puts his heart into a performance, though occasionally his involvement causes him to force and lose pitch.

Katherine Pring's Azucena has grown in subtlety and depth of characterisation since she first sang the part in this production. Paradoxically, tighter control over her feelings has made her performance more moving, while her concentration on the very esence of the gypsy's reason for living, to avenge the death of her mother, has brought a rich reward in dramatic urgency. Christian du Plessis sings the Count of Luna with a good strong, steady line, and he, too, brings a touch of obsession to a role that does not always get sufficient steel in its playing. Don Garrard opens the opera with a lively and intelligible account of Ferrando's narration. Lionel Friend's conducting has a nice sense of pace and phrase. Orchestra and chorus improve as the evening proceeds.

ELIZABETH FORBES

Purcell Room

Zigeunerlieder

"All I ask of life is just to listen to the songs that you sing," went the Noël Coward prologue to this round-up of gypsy-inspired songs by the Songmakers Almanac; and the line serves well to sum up the capacity audience's reaction to the selection. Graham Johnson provided a more coherent exploration of his theme and more imaginative selection of material in this one evening than the Mainly Slav series has provided in all its concerts.

The centrepiece was an undoubted masterwork: Janacek's *Diary of one who disappeared*, in the reliably excellent performance by Philip Langridge. Around this tale of a young man seduced from his quiet family home by the wiles of a gipsy girl who seduces him, Graham Johnson placed a splendid variety of lesser-known pieces, allowing himself a popular number only in the final ensemble version of the Brahms *Zigeunerlieder*.

An ineffably proper Richard Jackson seemed at first sight the wrong person to project the strange visions of Liszt's ascetic, sparse, Lenau setting *Die Drie Zigeuner*, but his precise characterisation and small-scale passion drew us inexorably into the story. More wierd, and more unusual still, was Busoni's version of a Goethe poem: a chillingly fierce piano part over which the wails of gypsy girls and forest wolves made an unforgettable impact.

The other regular Songmaker, Ann Murray, delivered Stephen Dodgson's four *Gipsy Songs* on texts by Ben Johnson with more variety and pointfulness than their always attractive but slightly bland music suggested; while the group's guest soprano Miriam Bowen, with assistance from Jackson, brought bright-edged passion to my most welcome discovery of the evening: Dvorak's splendidly a-symetrical unpredictably twisting *Ciganske Melodie*.

It cannot be said that any unified notion of the gypsy emerged from the concert—indeed Johnson's selection stressed the diversity of composers' responses to the exotic theme. But it was an almost wholly successful anthology.

NICHOLAS KENYON

Hampstead

Daughters of Men

Leonard Burt

Terrence Hardiman and Frances de la Tour

This play by Jennifer Phillips deals until the last moment only with a stationary situation developed but not explored. The situation, all too common nowadays, is that of a married woman about to divorce her husband but desperately afraid that the courts may award her husband custody of the child. The last-*moment* denouement, a simple plot designed to outwit the courts, is hardly enough to counter a feeling of inertia that begins to tell about half-way through the evening, and is emphasised by the author's plan of cutting from the action to a kind of dramatic footnote now and then, where we see the distraught mother listening to a social worker reading the account of her position that will be considered in judgment.

The casting of Annabel Leventon as the social worker, in a a part that involves no more than the reading of a document, suggests an *embarras de richesses*, and indeed what this play lacks in movement is to some degree made up for by the moving quality of the acting.

Frances de la Tour, having risen a step or two in the social scale since last month's staggering performance in *Wheelchair Willie*, is Kate, a professional woman, an artists' agent to be specific. It is a particular achievement on her part to retain her professional characteristics even when she is relaxing with her child (Kate Valentine, making her stage debut at 12 years old). She is always cool, immaculately hones in her dealings with a husband (Terrence Hardiman), younger and less talented than she, honest even in her dealings with her lover, who is kept rather further off than arm's length; yea clearly so devoted to her daughter that she will go to great lengths to ensure her custody.

This part is written with profound understanding, but the others are mostly there only to be spoken at. Kate has an intimate friend, a confidante in the classic manner, who is admirably played by Anna Carteret, but who adds little to the progress of the play. As for the two Americans who come to dinner, potential punters, they are purely ornamental—and ornamental indeed they are in the hands of Margaret Nolan and Bill Bailey.

Kevin McNally and Terrence Hardiman, lover and husband respectively, exist only on the fringe of the action, and it is one of the play's shortcomings that we seem to be expected to know more than we are told. The dialogue, cool and literate, is too often an exchange of self-contained sentences that do not require, or get, a genuine reply. If too seldom suggests conversation, even the conversation of these detached intellectuals.

Nancy Meckler is the director and Poppy Mitchell the designer.

B. A. YOUNG

St. John's, Smith Square

BBC Singers/Mackerras

Beethoven's *Cantata on the Death of the Emperor Joseph II* was given at Smith Square on Wednesday by the BBC Singers and Symphony Orchestra under Charles Mackerras. An early (1790), profoundly noble, grandly worked piece, incomprehensibly seldom performed in our era of obsessive Beethoven play and replay, it might almost be the Funeral Ode to mark the passing of the Enlightenment.

A ruler of Olympian dignity, strength, justness of judgment, and compassion is celebrated in Averdonk's text; so broadly spacious and serious is the music in its application of the composer's own dramatic fire to a Haydn-like harmonic richness and wealth of dark, doleful detail, that it transforms the banalities of the text. The highlights of the seven-movement cantata are the opening chorus (which returns to close the piece), in a blackly sonorous C minor; the wide-spanning bass aria (which Gwynne Howell's magnificent bass easily compassed); and, most notably, the first aria for solo soprano (Felicity Lott), later taken over by the chorus — in this Beethoven first stated the F major theme, with its two rising Fourths, that he was to borrow for that most glorious musical expression of Enlightened justic triumphing over evil, "O Gott! Welch ein Augenblick," in the final scene of *Fidelio*.

From my seat in St. John's, inner instrumental detail tended to blur and differentiation of dynamics to be modified (the programme was recorded for later transmission, and listeners to Radio 3 will presumably gain from the broadcast a better-balance perspective). But it was clear that Sir Charles, the small chorus and orchestra, and the soloists were all very much inspired by the solemn grandeur of the music; the phrasing was both broad and clear, the tread of the rhythm always aptly weighty without ponderousness.

A *different kind of Trauermusik* for a royal ruler was heard earlier — Hindemith's, written in London immediately after the death of George V, for viola solo (John Coulling) and string orchestra. The St. John's acoustics treated the piece rather more kindly, lending bloom to the string textures and dramatic force to the rather predictable neatness of the formal plan. The concert had begun with another 20th century composer of neo-classical sympathies, at present slightly out of fashion. Frank Martin's *Petite Symphonie concertante*, joining elegance of design and sound-invention to muscularity of purpose, was given a splendidly enthusiastic reading, with three fine soloists —Sidonie Goossens (harp), Harold Lester (harpsichord), Howard Shelley (piano). Because of the nature of its sympathies for undeservedly neglected music, the BBC St. John's series can hardly be expected to draw large "live" audiences. But it is an uncommonly attractive series, all the same.

MAX LOPPERT

Elizabeth Hall

Webern and Schubert

The London Sinfonietta's magnificent Schubert/Webern series—more accurately, a Webern festival of unprecedented comprehensiveness leavened with Schubert—is now over. And let it be repeated: who but the Sinfonietta would have had the imagination, dedication and nerve to mount such a giant enterprise, or the resource and energy to carry it off in such brilliant style? One cloud only has shadowed the event: Decca's sadly short-sighted decision to cancel their planned recording of the series in view of the recent issue (after many years on the shelf) of Boluez's Webern set by CBS.

But the series leaves all the same a powerful mark (and the BBC at least has all the programmes on tape). It has been a unique opportunity: to hear more Webern in two months than we have heard in all the London concert seasons of the last decade put together, including many rarities, and first performances of a number of newly rediscovered early works; to hear the oeuvre whole and in close sequence; and to confirm how much of this indubitably major composer is neglected, and how much should, and could easily, be more often performed.

The seventh and final concert on Wednesday included a fine performance of Webern's last completed work, the second Cantata op. 31: a satisfying final knot to the opus, under the direction of David Atherton, deftly and lovingly tied. Besides the capable bass of Malcolm King, the soprano soloist was again Phyllis Bryn-Julson, whose singing has been consistently one of the series' chief delights (and Decca's especial loss). Her account of the four op. 13 songs, each one a fragile, gleaming miniature, was effortlessly commanding, magically relaxed.

We heard, too, both versions of the little choral piece of 1908, *Entflieht auf leichten Kähnen*, accompanied and unaccompanied, done with the greatest delicacy by the Sinfonietta Chorus. And two instrumental works: the op.24 Concerto for nine instruments, the circular unfolding of its central movement beautifully phrased and breathed; and an impressive account of the late orchestral Variations op.30, deeply mystreious, powerfully condensed. The Sinfonietta, in their way, have worked a miracle. And having finished, with characteristic zest they turn to the next: a series, later this year, of the complete orchestral and chamber instrumental works of Stravinsky.

DOMINIC GILL

FINANCIAL TIMES

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Friday January 19 1979

Soft at the centre

THE PRIME MINISTER, in yet another would-be-emollient statement on the transport crisis, said that nothing would be gained by strong words and weak action. On his own record to date, he prefers weak words and weak action. He, his fellow Ministers and the union leadership have now virtually exhausted the time available for what the situation actually demands—moderate words and strong action. Otherwise events will follow the course Mr. Callaghan himself outlined to the Parliamentary Labour Party—emergency followed by repressive legislation in response to popular resentment. This will not happen because militants are militant, but because leaders failed to lead.

In the four days which it has taken to produce so much as a clear statement of policy from the apparently helpless leadership of the transport workers, the Government has simply dithered. The Prime Minister *has yet to make it clear to the* nation what is at issue in the question of secondary picketing. It is not the question of essential supplies, nor even the question of the freedom of those involved to go about their normal work.

Alternatives

It is that while strikers have the traditional right to try to stop their employers from operating during a dispute, the public has the right to make what alternative arrangements it can. If the Prime Minister does not realise that it is this issue—the power of the strikers to interfere with anyone at all outside their dispute, their assumption of the right to disrupt society—which is enraging the public, he has learned nothing since his return from Guadeloupe.

The Government in fact, as Mrs. Thatcher has argued, has a duty to protect the free movement of goods. Full stop. The pickets have the right only to seek to persuade drivers working to join them in sympathy. The union has at length made *it clear that it is not official* policy to seek to stop the work of any driver not directly involved in the dispute. What is not yet clear is whether the drivers at work support this policy.

That can only be established if they are not subject to intimidation by violence or large numbers; and that in turn demands a police presence on the picket lines. Experience has shown again and again that a police presence can defuse an otherwise ugly situation. There were some signs yesterday—again four days too late—of enhanced police activity to enforce the ordinary law of the land. It came too late to prevent the death of a picket in Scotland.

If in the course of the next day or so the law is enforced, and if it then proves that a sufficient majority of working drivers are willing, under this protection, to go about their work in accordance with union policy, then it may be possible to get through the remainder of the transport strike at a tolerable level of disruption. This is the best possible outcome; it might just be achieved by sufficiently determined action by the authorities.

Little time left

It will still leave a lot of questions unanswered — not least about the other strikes, threatened or already unofficially started, in smaller but vital services, with a possible threat to public health. Again, the question is whether union leadership can impose some sanity. Union leaders are eloquent about the rights of organised labour. They have a very little time to prove that labour is in fact organised.

What leaders like Mr. Moss Evans have apaprently yet to realise—though the idea seems to be dawning on some other TUC leaders — is that this is not just a crisis for the country. he country will survive, somehow or other. It is a crisis for the trade union and labour movement which that movement may not survive, in the form and with the privileges which its members are now so abusing.

What is required is not only apparently reasonable policies from those who claim to lead the movement, but strong actions to enforce those policies — an exercise of discipline by *the unions, a concept which* they have yet even to mention — and of law enforcement by the government. The labour movement has very little time left — a few days would now be an overstatement — to show that it can survive its own emergency before a national emergency, with different imperatives, will impose itself.

Budget battle in the EEC

IT IS A cardinal point of principle with several member governments of the European Community, including France and Britain, that the direct elections to the European Parliament which take place this coming June will not be accompanied by any increase in the powers of the Parliament. In formal terms this is certainly true: the powers of the Parliament are laid down in the Community Treaties, and any explicit transfer of new powers would need the agreement of the member states (probably by unanimous vote), followed no doubt by ratification in national parliaments. But the current row over the 1979 Community budget shows that the existing powers of the European Parliament may in certain circumstances be greater than many people had previously though, especially if the Parliament can secure at least two allies among the nine member states.

Advantages

Conversely, and more significantly, the budget row also shows that certain member states — in this case Britain — may be prepared to shelve their hostility to an extension of the Parliament's powers, if they believe it will bring concrete national advantages.

In October, the European Parliament voted amendments to the 1979 budget as passed by the Council of Ministers, with a very large increase in the provision for the Regional Fund, whose payments during the year were thus to rise from just over £200m to just under £350m. At a Council of Ministers' meeting the following month the Germans and the French proposed rejecting the amendments: the Germans because of the Parliament's figures would take the Regional Fund above the level laid down by the European Summit in December 1977; the French because the Parliament's increases were greater than the maximum rate permitted under the budget treaty (for 1979 this was set at 11.4 per cent).

Britain and Italy, being relatively poor countries, stand to benefit more from Regional Fund spending than the richer member states. Moreover, the workings of the common agricultural policy mean that Britain is becoming a disproportionately heavy contributor to the budget, so that any offsetting reverse flow across the exchanges is doubly welcome. Both countries therefore stood out against the Franco-German position. Since the Parliament's amendments can only be rejected by a qualified majority vote of the Council, the opposition of Britain and Italy was enough to ensure that the amendments stood.

Subsidies

There remains considerable legal doubt over whether the budget as passed is valid, in view of the fact that the Parliament exceeded the 11.4 per cent maximum increase. But in practical terms the Council and the Commission are in serious embarrassment as to how they should proceed—whether they should accept the Parliament's figures, or attempt, either by negotiation or by appeal to the European Court, to have them cut back.

Ironically, the Parliament's amendments left out any provision for interest rate subsidies on European Investment Bank loans. This had been one of the preconditions for Italian participation in the new European Monetary System, so the Italian vote for a bigger Regional Fund makes Italian adhesion to the EMS more difficult.

The Commission will today be discussing a compromise, under which the Council would accept the Parliament's overall budget figure, in exchange for a transfer within the total from the Regional Fund to a provision for EIB subsidies. Such a proposal might encounter French objections that it would concede too much to the Parliament, and British objections since the UK is not currently planning to participate in EMS. But in the last resort this problem, like most other in the Community, will be decided more by the line-up of national interests than by the invocation of ideological principles on the powers of the European Parliament.

The public sector wage claim: By Christian Tyler, Labour Editor

Beleaguered Britain braced for the next blow

THE SHOCK troops of an army of low-paid public servants will descend on London on Monday, leaving behind them closed schools and council offices, silent building sites, and marooned buses and ambulances in many of Britain's urban areas.

Their march through the capital and rally at Westminster is the first big public expression of months of planning by their trade unions for a pay rise big enough to cancel out the effects of four years' of restraint.

Monday's day of action, which is intended merely as a prelude to selective walk-outs in the coming weeks, will come as no surprise to the Government. Ministers have long been aware of the mounting sense of grievance, if only because their best friends in the trade union movement have been warning them of it.

What they could not have known was that the challenge from these 1.5m manual workers—whose unions have banded together for the first time to conduct such a siege—would come at a time of serious industrial disruption in road and rail. The lorry drivers' strike and the train drivers' one-day walk-outs have created an atmosphere of crisis that will scarcely be improved by next week's events. If the Government is frightened, it has shown no symptoms of fear; indeed its Ministers have been accused of complacency.

But the Governmenthas presumably made its own calculations about the size of this new challenge. Having this week altered its pay policy to yield a small extra sum for the low paid, it seems determined to test those union warnings and test the militancy of the members themselves. It has given an inch, and may hope to get away with two. If it succeeds in holding the public services to the 7 per cent or so already conceded, with the promise of more money next winter out of a pay inquiry, it will be able to claim that the pay policy is back on its feet—and that is Labour's main election plank.

The campaign includes council workers — dustmen, drivers, road gritters, school caretakers, cleaners, laundry workers, boilermen (who control council office and some council estate *central heating systems*) gravediggers and crematorium staff. It includes hospital ancillaries—porters, cleaners, heating and laundry workers, an dthe people who look after sterile supplies. It is being joined by many nurses (who have a pay grievance left over from last April). It includes ambulancemen; and it includes the non-teaching staff of universities.

But perhaps the most powerful singl egroup are the water and sewage workers. If after last night's negotiations they are to be called out, the *consequences of their industrial* action — which need no elaboration—could be decisive. So far the unions representing water workers have been divided on tactics. The biggest in this service, the General and Municipal Workers Union, has argued so far for keeping them out of the campaign, although some of its members in North Manchester have already taken unofficial action cutting off the supply to 2,000 households. The National Union of Public Employees has been asking all its water members to demonstrate on Monday and join the subsequent campaign. NUPE said yesterday that its water workers would come out on Monday anyway and that the new pay offer would have to be very good indeed to stop them taking action after that.

It is virtually impossible to assess in advance the extent of the action, since the job of selecting services for disruption is being conducted by local coordinating committees and the picture has been changing daily. Their decisions will depend partly on which union is the biggest in any area; the GMWU, for instance, is not notoriously militant, and its leadership is closely identified with solid, middle-of-the-road Labour Party loyalty. NUPE tends to be the most militant sounding, but does not have the right kind of membersip to be sure of delivering a *sudden* and solid blow. The Transport and General Workers Union, which is thinly spread in this sector, but has *strongholds* in Scotland, Northern Ireland; the West Midlands and some big cities like Bristol, has not in the past *(except perhaps in Scotland)* been an obvious threat. This time, however, as the TGWU's record of recent weeks shows, it could be a very different story.

It should not be forgotten that the new TGWU national secretary for public services, Mr. Mick Martin, lost no time in mounting a campaign for his industrial civil service members last summer

This year, at least, the TGWU members are in many places pressing for indefinite and continuous strike action; and some are said to have protested that Monday's demonstration is a device for avoiding the real battle.

An unknown quantity

The Confederation of Health Service Employees, strong among hospital ancillaries and nurses, is something of an unknown quantity. But the deterioration of industrial relations inside the health service in *recent years* — along with the deterioration in its finances — does not suggest that CoHSE's porters will be quickly pacified. The union has already joined its nursing members (it claims 150,000) to the campaign.

So although the four unions have a common strategy for the *campaign. there is bound to be* some disagreement on tactics.

NUPE, with its experience in the 1970 "dirty jobs" strike developed the system of selective action and has successfully argued for that again. It has several advantages from the union's point of view. First, it helps avoid the paralysis of emergency services: a one- or two-day stoppage of administrative and cleaning work in a hospital does not bring that *hospital to a halt. Secondly*, it avoids prolonged lay-off of other workers, and third it hits different sections of the public (or different services to the public) at different times. Third, of course, it is cheaper—under its rules NUPE does not pay strike benefit (£5 a week) until after two days. *NUPE*, which is not rich, is making a levy of its 700,000 members on the basis of 1p for each hour worked, up to a maximum of 40p a week. This policy reflects the composition of a union that has the bulk of the lowest-paid, a very high proportion of women members, of whom the majority are part-timers anyway.

The chances of peaceful, or relatively peaceful, settlements do not look good so far; and there is little doubt in the minds of the chief negotiators who have been seeing Ministers *regularly in recent days that if* it comes to a fight, the majority in the Cabinet would choose to fight. Ideas for an ultimate solution are still vague, but there are several obvious problems of timing and amounts.

Privately at least three of the union leaders think the Prime Minister's concession too niggardly to alter things much. For instance, the change in the rules seems to mean that the lowest basic rate in health and local *government* could go up from £42.40 a week to £45.90 instead of the £43 so far offered. On average it is worth £1 a week more.

more. (The offer is pitched low at this end of the scale in order to widen the very small grade differentials—a constant cause of complaint.) The employers have also offered guaranteed minimum earnings of £47.40 upwards for 40 hours, an offer that has infuriated NUPE particularly since it does nothing for its part-timers.

There is also the psychological point that a concession extended to some 9m low-paid does not, however desirable and egalitarian it may be, enable the four unions to claim that they have wrung out something special for their own members.

If by his decision Mr. Callaghan intends to refuse any *further payment* to these workers for their Stage Four settlement, then the consensus is that he will fail to appease them. But if the promised pay inquiry, whise terms of reference and scope have to be agreed by employers as well as unions, is to produce another amount payable in this round then the £3.50 cash alternative may buy temporary peace. Although the Government appears to be saying that the fruits of that inquiry cannot be puaid before the public service manuals' next round — November this year to January next—it has not exactly ruled out the possibility of an interim report.

In other words, the longer the unions have to wait for increases which normally would have been negotiated by now, the higher the cash offer will have to be. A potent factor in the calculation is, of course, the general election. The unions do not believe that a Conservative Government with its promise of even tighter cash limits in the public sector, would readily honour the findings of an inquiry.

It will be a complicated and technical business to arrive at an agreement about the scope and purpose of the inquiry, not least because local authority employers have already complained to Ministers that it will prejudice their negotiations with council staff later this year. The unions' starting point, as reflected in the common pay claim, is to establish a minimum basic rate which is two-thirds of national average earnings. They put that basic rate at £60 a week. In effect they are trying to climb back to their 1974-75 position when they achieved, under licence from the social contract Mark 1, the TUC's minimum wage target of £30 a week, the then equivalent of today's demand. With that established the unions, to a greater or lesser extent, are ready to accept some job comparability with the private sector for their higher grades. One option may be to take as the standard the "typical good employer" in the private sector. This may or may not satisfy NUPE, which argues that comparability will simply mean matching low-paid with low-paid.

Even the TGWU, the most determined defender of free collective bargaining, would not disagree with the principle of comparability, provided that it was a cushion against future falls and the starting point, not the end, of future wage bargaining. The TGWU, like NUPE, tends to be sceptical of any machinery that purports to identify "fair comparisons" for such a variety of jobs as are found under the public service umbrella. They are therefore suspicious of the GMWU, whose general secretary Mr. David Basnett has seemed to them in the past to be ready to give up some trade union autonomy in his search for public-private equity. They also smell a permanent incomes policy in disguise.

One thing that an inquiry might do, however, is to pave the way for a new agreement between the Government and TUC. The incomes policy enthusiasts in the TUC and Government see this as a chance to map out plans for a longer-term reform of collective bargaining, at least in the public sector. Both sides badly need an accord in time for the printing of Labour's election manifesto that beefs up the very cagey mutual undertakings on pay bargaining contained in the latest TUC-Labour Party liaison committee document "Into the Eighties."

There is some serious talk of a brand-new body, perhaps with TUC representatives on it, to supervise public and private sector relativities. One of its aims would be to mop up the review bodies, like those for doctors and dentists, servicemen, nationalised industry chairmen, judges and senior civil servants, or at least set common criteria for their deliberations. It might also remove once and for all the need for ad hoc inquiries for the public sector like Wilberforce (who did electricity and miners) Houghton (teachers) and Halsbury (nurses). It might lessen the occurrence of strike action in vulnerable esrvices.

Students of labour affairs will not have forgotten the Conservatives' *plans for a Relativities Board*, scuppered by Edward Heath's fall in 1974. There are more parallels today with 1974 than meet the eye.

THE PUBLIC SECTOR PAY QUEUE

Main groups	Main unions	Claim	Last offer	Settlement date
● Public service manuals in th e joint campaign				
1.1m local authority	NUPE, GMWU, TGWU	40% to give min. £60, min. basic plus 35-hour week; cost of living protection	5% plus min. earnings guarantee rejected	Nov. 4, 1978
250,000 hospital ancillaries	NUPE, CoHSE, TGWU, GMWU	As above	5% rejected. Talks today	Dec. 13, 1978
30,000 water	GMWU, NUPE, TGWU	£17 p.w. increase to give £62 basic min.; 35-hour week; standby pay. Want parity with gas and electricity	5% plus 4.3% productivity rejected. More talks yesterday	Dec., 1978
18,000 ambulancemen	TGWU, NUPE, CoHSE	£74 for fully qualified, £65 min. basic 35-hour week. Want link with fire and police	5% rejected	Jan. 1., 1978
24,000 university	NUPE, TGWU, GMWU	As local authority	5% rejected	Nov., 1978
420,000 nurses and midwives	RCN (non-TUC), CoHSE, NUPE, NALGO	Interim claim to restore value of 1974 Halsbury award: 15% ?	——	April, 1979
● Other public sector manuals				
42,000 gas	GMWU	20%	Talks yesterday	Jan., 1979
200,000 post office	UPW	24.4% incl. 8% on basic and RPI link	Talks next week ?	Jan., 1979
230,000 miners	NUM	20-40%, to give £110 p.w. top basic; 4-day week. Eight-month deal	Offer expected Thursday	March, 1979
90,000 electricity supply	EPTU, GMWU, AUEW, TGWU	"Substantial." 35-hour week. Follow miners	——	March, 1979
280,000 railwaymen	NUR, TSSA, ASLEF	Separate bonus claim by ASLEF	——	April 23, 1979
● White-collar				
600,000 civil servants	CPSA, SCPS, IPCS, CSU	Implementation of pay research could be 25-30%	——	April, 1979
520,000 teachers	NUT, NAS/UWT	Restoration of value of 1974 Houghton award: 20%-30%	——	April, 1979
750,000 local authority	NALGO	——	——	April, 1979

MEN AND MATTERS

A fortune in the village school

The trend towards closing church schools in the villages—more than 150 were shut in England during 1977-78—looks like being halted by public opinion. This means less sudden windfalls for the heirs of local worthies who gave the land for such schools in Victorian times.

Sometimes as much as £40,000 has landed in a beneficiary's lap under the School Sites Act of 1841. This decrees that if land ceases to be used for a school, it reverts (with all the property on it) to the grantor or his descendants. If they are lucky, they may find themselves owning a desirable piece of real estate in a smart commuter village.

According to Michael Adams, a consultant to the Church of England board of education, it is often possible by legal means to avoid a reversion to the heirs. Then the local diocese will get the money, for use on other schools. But there have been some legal tangles in the past few years: as an authority on the 1841 act told me, it is a "notorious muddle."

A decade ago, heirs generally would give a closed school straight to the church. But Mrs. Margaret Glanfield, Church of England director of education for Oxfordshire, Berkshire and Buckinghamshire, says: "Now they almost always want them back." She thinks that financial pressure on once-wealthy families has caused this changed attitude.

What hapens if the heirs cannot immediately be found? Mrs. Glanfield says they are sought through advertisements. But in "peculiar cases" an insurance policy is taken out—just in case an heir appears after the school has been sold to someone already ensconced in his rustic residence of character.

"What do you mean you won't deliver them?"

Less libido

*One of the more outré experi*ments to open up a new travel market among British businessmen seems to have met scant success. The Kuoni organisation has for some months been offering what is calls a "Night Life Special" in Bangkok, but admitted yesterday that there were *few enquiries*.

The printed description of this tour leaves little unsaid, including the fact that the selected hotel is "unsuitable for families." An executive of the company said it felt it was "fulfilling a need as regards *businessmen*." But unlike similar tours from Germany, the British version was "rather a disappointment."

Fresh charge

Pickets will be emarging from an unexpected quarter tomorrow. The Friends of the Earth will be picketing electricity showrooms in 100 towns, in pursuit of their argument that this country is building too many power stations.

Dodging the intricacies of all that, I telephoned the organisation to ask whether the nation did not have enough pickets already just now. "Oh no," I was told by a man named Flood. "Our pickets will be cheerful. We want to get away from gloom."

Questioned about the jollity, Flood explained that in Cardiff the pickets would deliver some *giant imitation noses to the elec*tricity offices, to portray how we as paying through the nose for power. Well, it's a try.

Changing places

The appointment announced yesterday of Sir Reginald Hibbert to succeed our ebullient man in Paris, Sir Nicholas Henderson, might, on the face of it, suggest a change in style. Henderson's suavely commercial gatherings — there is a car promotion stand in the embassy at this moment — have become a well-known feature of British diplomacy in France. Will the more abrupt Sir Reginald run things in quite the same style? "I was number two under Sir Nicholas in Bonn when he was ambassador there," insists the recently knighted Hibbert. "*To some extent I have been brought* up in Sir Nicholas' school."

It remains to be seen whether Sir Reginald, described by one diplomat as "a distinctly military type, will combine social and commercial occasions á la Henderson.

Henderson, 60 in April and so being compulsorily retired, tells me he has only the vaguest notion of what he will do next, apart from returning to London.

Author of an historical biography and numerous articles on historical subjects, he is thinking of writing an account of British relations with France and Germany based on his experiences.

Also on the move is Sir Clive Rose, whose present job—topically enough — includes running *the obscure* Civil Contingencies Unit. This spends its time laying plans such as deploying troops to break strikes. Rose's experience should stand him in god stead when he takes over as ambassador to Nato from the colourful Sir John Killick, another victim of the 60-year rule.

Flowing assets

In Britain the sleeping carworker awarded £7,000 for being sacked kept headline writers occupied a few weeks ago. Their counterparts in Italy are now busying themselves with a parallel outrage: *liquidazione*, the process by which workers collect colossal amounts of maney when they leave a job. The latest abuse involves the deputy director of a Palermo savings bank, who has just resigned after holding his position for barely 10 months. His liquidazione amounts to more than £150,000, plus an acceptable monthly pension of over £2,000. While admitting he intended to resign all along, the manager say happily that he is doing nothing illegal.

Higher thinking

A World Bank administrator asked one of his staff scientists what two and two make. After consulting his slide rule the scientist replied: "It looks like four, bpt say five to be safe."

The administrator then asked one of the organisation's lawyers, who advised: "Probably four, but it would not stand up in a court of law."

Finally, the question was put to a World Bank economist. After two days he came back, *leaned confidentially over* the desk, and whispered: "What answer do you want?"

Observer

FINANCIAL TIMES SURVEY

Friday January 19 1979

Merseyside

Merseysiders, and the industry which is based there, are trying desperately to revive the area in the face of acute social and economic problems. They are having some success — and dispelling some misconceptions held by the rest of the world.

The price of fame

By Rhys David

Northern Correspondent

WHEN A group of visiting Swiss businessmen arrived in Liverpool recently one of the first requests they made to their hosts was: "We want to see the Piggeries"—a problem housing estate sold off at a knock-down price by the council last year.

Such is the price of fame. There can be few parts of Britain which are as well known as Merseyside, the new county which includes Liverpool, and at the very mention of the name it can be guaranteed that a host of images, pre-conceptions and prejudices will be instantly available, not only to people living in the rest of Britain, but in other parts of the world as well.

Merseyside's claims to fame are, at one end of the spectrum, its success in sport where the Liverpool club has demonstrated over recent years its pre-eminence in Europe as well as in Britain, only to find itself hotly pursued this year by the city's other side, Everton, at the top of the English football league. It is not too long either since the area was acting as spawning ground for the youth and musical revolution ushered in by the Beatles and the many similar groups. And while fashion trends in popular music are now set elsewhere, the area's contribution to Britain's artistic and cultural life continues to impress.

Rita Hunter, Glenda Jackson, Alun Owen, and Rex Harrison, are among the varying personalities who have all made their way to the top of their particular professions from a Merseyside background. And another of the long line of Liverpool comedians, Ken Dodd, has almost single-handedly secured the re-opening yet again of the Royal Court, one of Liverpool's five live theatres—several more than most other provincial cities can boast.

Independence

Sadly, however, this is only one image which Merseyside—which includes the towns of St. Helens, Birkenhead and Southport as well as Liverpool—presents. The area was incorporated into a new county when UK local Government was reformed in 1974, with a population of 1.6m, is also recognised for the acute social and economic problems which some—and it is only some—parts of the area face.

Whether born of excessive media attention or not, Merseyside also undeniably has a reputation for tough trade union attitudes and a degree of spirited independence among the labour force which does not always work to its advantage.

All regions of the UK have suffered during the present recession but Merseyside has been particularly hard-hit. Big groups which have cut back substantially on their labour force in the area over the past year alone include British Leyland, Plessey, General Electric, Courtaulds and Cammell Laird.

Therefore, while unemployment throughout the UK has doubled over the past 10 years, in the Merseyside Special Development Area—most of the county plus parts of Cheshire—it has trebled to almost 100,000. Further, there are doubts hanging over several other major plants, including the Speke factory of Dunlop, the rubber group, which is engaged in a big review of its UK operations following a sharp drop in demand for tyres.

Just how Merseyside reached its present position has been the subject of numerous studies. But it is probably fair to say that the causes in some cases have been beyond the area's control while in others the damage has been self-inflicted.

In the first place, through no fault of its own, Merseyside has been affected by the dramatic changes which have taken place in the distribution of goods. With the shift in the past 10 years towards container traffic, employment at the port has dropped by more than half, and similar reductions have taken place consequently in transport and other ancillary occupations.

The area's extensive industrial base also has been affected by changes in technology and by the prolonged recession of the 1970s. Pilkingtons at St. Helens has introduced much less labour-intensive methods of manufacturing glass and, for example, will be reducing its labour force by 280 when it completes a current £70m investment plan.

Tate and Lyle has had to cut back its employment in cane sugar refining—one of Merseyside's traditional food processing activities—because of the switch to beet sugar following Britain's entry into the EEC; while Cammell Laird and Western Shiprepairers, both in Birkenhead, have been affected by the lack of orders from the world's shipping industry.

The poor performance of some sectors of British industry in world markets has also affected Merseyside. British Leyland was making more cars in the 1960s when it moved to Speke than last year, when it moved a large part of its operations back to Coventry.

Other companies such as Plessey have not been able to take full advantage of expanding world telecommunications markets because of Post Office delays in the ordering of new equipment. Compared with the UK as a whole, Merseyside also has a larger number of big employers, yet in the present recession it has been the smaller firms which have survived best.

Some problems on Merseyside, however, patently have a more local origin. The steady decline in Liverpool's population since the 1930s was sharply accelerated by a programme of slum clearance in the 1960s. Large numbers of people were moved to new housing estates on the fringe of the city, or left the area for New Towns in Cheshire and Lancashire.

With port and railway operations also requiring much less land, the result has been to create vast areas of unsightly dereliction close to the city centre. On top of this a further 300 acres of land was blighted by plans to build an urban motorway 14 lanes wide in places. Jobs were also the victim of this wholesale clearance policy—motivated, it should be admitted, by the desire to remove some of the worst housing conditions in Britain.

With companies either losing their premises or being persuaded to move out to the new estates, the number of jobs in Liverpool fell by 76,000 between 1961 and 1971 to 325,000; the inner urban area accounting for no fewer than 66,000 lost jobs. The population of Liverpool, which in the 1930s stood at more than 800,000, was down to 605,000 in 1971 and by 1976 had slipped further to between 573,000 and 550,000, according to estimates. Projections show it falling still more to possibly fewer than 500,000 by 1986.

Many of those leaving the city—mostly the young and skilled—have been moving to other parts of the county, but Merseyside itself has been losing population at the rate of about 17,000 a year.

The combination of rehousing on distant council estates and the shortfall in the provision of new jobs have brought other social problems in train. Hastily-built new housing blocks have proved a breeding ground for vandalism, and unemployment mixed with the temptations of a consumer society has encouraged crime.

Redundant

The paradox that amid high unemployment the labour force on Merseyside needs to be managed well if it is to produce results is also explicable. Low productivity and over-manning will inevitably lead eventually to further job losses as companies lose competitiveness, but from workers who have perhaps been made redundant several times before they are an understandable defence mechanism.

Yet while Merseyside's problems plainly are large, it is also true that in many respects it remains an area of considerable vitality. While there are nearly 100,000 unemployed in the area there are also 650,000 in employment, many of them working for major international groups such as Pilkington, BICC the cable group, and Unilever, which either have their headquarters or their origins in the county.

The area, which has always had close links through the port with the U.S., is also host to a number of successful American companies, ranging from Ford, which has recently announced a £200m investment plan for its Halewood factory, to Cooper-Bessemer, one of the partners in a recent £1bn contract to supply pipeline pumping equipment to the USSR, and Cross International, machine tool manufacturers.

Other major groups based on Merseyside include the Littlewoods pools, retail and mail-order company, and its rival Vernons, Royal Insurance, J. Bibby, Capper Neill and a number of leading shipping lines including Ocean Transport.

Nor is the image of the county as predominantly urban and industrial entirely accurate. Half the county is agricultural land, with a high proportion of it in the top grades, and responsible for a large proportion of UK vegetable produce.

The county's northern segment consists, too, of the resort of Southport which, apart from its seaside attractions, boasts one of the best shopping thoroughfares in the North, some of the country's leading racing stables, Royal Birkdale Golf course and residential areas favoured by Liverpool businessmen and the city's soccer fraternity.

Another of the attractive residential areas—the Wirral peninsular—is thought to be high on the list of possible sites for the

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Economy looks up

COULD MERSEYSIDE'S economy have turned the corner? It is a hope which few of those involved in regeneration of the area's economy allow themselves too often, but there is perhaps one encouraging pointer in this direction to be found in, of all statistics, the area's unemployment figures.

At nearly 100,000 the numbers are undeniably high, but it is significant that despite losses in big companies alone of more than 15,000 jobs during 1978, the total number of jobless has actually shown a small decrease. Unless all of this is accounted for by emigration, the implication seems to be that the huge efforts put into strengthening the local economy at least have enabled the area to hold its own during a period of continuing decline in its existing industrial base.

Merseyside, as everyone knows, has been faced with a series of economic problems as daunting as those affecting any area within the UK, and finding a response to them has been the main task imposed on the new county, created by local government reform in 1974. One option was allowing the process of decline to continue in the older urban areas, while encouraging growth to take place elsewhere, but plainly this would have run into strenous objections from the local authorities covering the districts most likely to be affected by further losses of employment and population.

In the event the strategy adopted by the county, and now incorporated into its structure plan, has been to try to stimulate regeneration of existing centres, and this forms the framework for the action being taken by all the various agencies at work on Merseyside. These include, apart from the county, the five district councils—Liverpool, Sefton, Knowsley, Wirral and St. Helens—central government and government agencies.

Instead of slum clearance, the emphasis is now being placed on housing improvement and new housebuilding on cleared sites that have been brought up to suitable environmental standards. Balancing this is a new effort to try to create the conditions in which industry can prosper and grow.

The programmes to do this, in a number of cases, have only just started. But the theme behind much of the effort now planned is the need to ensure that existing employers thrive and new businesses are encouraged.

In Liverpool itself, where scores of companies were forced to close as a result of clearance policies, a programme of advance factory construction has demonstrated, according to David Mowat, the city's industrial development officer, that there is a strong demand for industrial premises, particularly small units.

Liverpool City Council has also acted to stop the drift of companies away from the centre. Meccano, one of the city's best-known company names, was planning to move to a new site in the suburbs, but has been persuaded to stay on its existing site under a deal negotiated with the city.

Both county and city were also involved financially in the setting up of COTAM, the Contractors and Offshore Trading Association of Merseyside. This organisation brings together companies in the area able to serve the offshore oil and gas as well as other industries, and since its formation last year, has already exceeded £500,000 in turnover.

The discovery of gas in Morecambe Bay clearly offers the prospect of further business for members of the consortium and other local companies, and both county and city have begun marketing the advantages the area offers as a shore base and service centre for Irish Sea gas operations.

These efforts are backed, as elsewhere in Britain, by the search for major new projects. But there is a general recognition that whatever the level of incentives — and industry moving to Merseyside qualifies for the highest UK grants and loans — big new schemes are few and far between, and likely to remain so.

Flexible

The situation demands as a result, the county planners believe, a much more flexible approach towards the creation of new jobs, along lines not previously tried. With this in mind, a new body, the Merseyside Economic Development Office (Mercedo) was set up towards the end of last year and the county hopes it can help generate some of the new ideas needed.

Mercedo's role covers the attraction of new industry and the general promotion and marketing of the area, but with the county's chief executive, Mr. Ray O'Brien, its official head, it also has been given powers in a number of other fields.

Merseyside, for example, has set aside a total of £3m for special initiatives in the economic field in 1978-79, using powers under the 1972 Local Government Act which allow it to spend the proceeds of a special rate for the public good. Of this, a total of £1m has been set aside to help small companies which, it is felt, could fail to attract support from other quarters.

In St. Helens, money from Mercedo's CHASE scheme (County Help for Active Small Enterprises) will be used to supplement the resources of the St. Helens Trust, a novel new approach to industrial development being tried in the town. Several of the big employers in St. Helens, including Pilkington, the glass company, have contributed to a fund designed to help small businesses grow. Through the trust it is hoped that all the resources to be found in the local business community, from advice on marketing to technical guidance, can be put behind the small man.

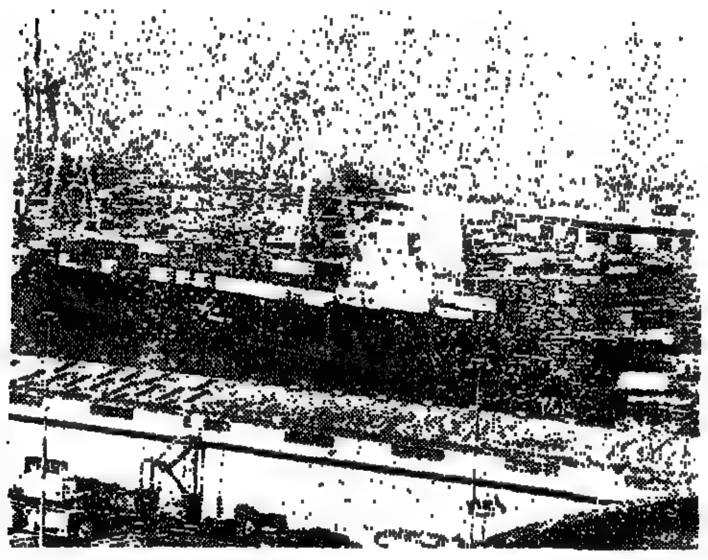
Mercedo itself will come under the political control of a special economic development committee, but it is being given wide executive powers which will enable it to operate with a degree of independence. Local industry is also being involved in the revitalisation of the area alongside Mercedo through another recently-established body, the Enterprise Forum, one of whose tasks will be to look at possible new industries for the area.

One of its first studies it has been asked to undertake is the problems and prospects for the area rising from the micro-processor revolution. Though the county has put itself forward as a possible site for the new Government-backed INMOS micro-processor manufacturing project and may also be chosen for the joint GEC-Fairchild venture in this field, the main priority will be to make sure that application of the technology benefits Merseyside. Special efforts in this area are also being made by Liverpool University.

Though Forum is still finding its way, it is hoped that as it develops, it can produce ideas for products that could be made on Merseyside, or suggest ways in which existing companies could help newcomers.

The physical environment in which companies operate is also being looked at through the inner city partnership embracing central and local government, and by the local authorities themselves. Merseyside county, for example, has designated two areas — Great Howard Street in Liverpool, Kirkby industrial estate in Knowsley and the Birkenhead and Wallasey docklands—as industrial improvement areas. In these areas, and in others which may be created, companies can receive aid for tidying-up operations.

A wide range of schemes for improving the environment in Liverpool's inner areas was unveiled recently by the inner city partnership and these will receive government assistance of £30m over the three years 1979-82. Elsewhere in the county, other improvements schemes to deal with the problems of industrial dereliction are getting under way. In St. Helens, which because of its coal-mining has most of the county's officially-recognised derelict land, a park is being created in the Sankey Valley through land reclamation along the line of a former canal.



Liverpool's Royal Seaforth Dock

Equally important, the county is trying to unlock some of the vast areas of derelict land owned by statutory undertakings. Talks have been initiated with the Mersey Docks and Harbour Company over the disused south docks which the county wants to see developed for commercial and leisure use.

Plans have been submitted for two major private developments within the site, and the county itself plans to establish a maritime museum there which would chart the importance of the port to the area and highlight in particular the links through emigration and trade which Liverpool has with the U.S.

When completed such a development could form an important element in another of the county's ideas for the area—the stimulation of tourism. Although at first sight Liverpool might be considered an unlikely tourist attraction, the city contains a number of fine buildings, while the county area and surrounding counties have more than their share of historic houses and attractive countryside.

Assistance

Another important element in the economy is now provided by the Manpower Services Commission. Through its two latest programmes the commission has created more than 18,000 opportunities for unemployed young people and adults on hundreds of projects.

The network of assistance available to strengthen the Merseyside economy from national and local government sources is therefore fairly comprehensive. Some gaps remain, however, with shortage of industrial land perhaps the most important. In a county with so much land evidently lying unused, shortages have occurred nevertheless because of competition for available space between the various local government services and because of the slowness of procedures for securing the release of land zoned for other uses such as roads, or owned by other bodies such as the statutory undertakings. Liverpool and the other boroughs have some sites available on their industrial estates, but land for major developments is limited.

Inevitably, the area also would like to see an increase in the financial resources made available to it by central government. The programmes drawn up by the inner city partnership, for example, totalled an estimated £48m compared with a government allocation of £30m.

The county too is seeking wider powers of action for itself in the economic field through a Parliamentary Bill but is running into some resistance from Government departments. The county also would like to see the level of assistance available for service industry developments — a key sector within the Merseyside economy —brought more closely into line with manufacturing industry but so far it has not had any success in this campaign.

Even without this additional strengthening, however, a lot is clearly being done for Merseyside. It will not be easy to reverse a decline that has been going on for many years and the process is likely to take a considerable time. There is at least some confidence in the area, however, that a start has been made.

Rhys David

Price

CONTINUED FROM PREVIOUS PAGE

proposed new micro-processor plant to be developed by a joint company consisting of GEC and Fairchild, the U.S. group.

This project, if confirmed, promises to provide a major boost to the area's economy and to its morale and could, it is hoped, attract other similar developments. A team from the county's new promotional body, the Merseyside County Economic Development Office (MERCEDO) returned recently from a visit to potential investors in the U.S. where it concentrated heavily on electronics.

The amount of footloose industry available is likely to be limited for some time, however, and for this reason most of the effort in the area is now being directed towards building on the strong points within the economy.

The area's capacity for resurgence already has been demonstrated by the port. The reconstituted Mersey Docks and Harbour Company, which took over following the collapse of its predecessor, has managed since to break through into profitability despite the depression in world and UK trade, and through a policy of close worker involvement in decisions has secured a dramatic improvement in its previously poor industrial relations.

Perhaps the main strongpoint, however, is provided by existing companies with their roots in the area and which, because they have prospered there, are willing to put something back. Tate and Lyle, for example, has taken steps to cushion the impact of job losses forced on it in its sugar factories with the building of a £12m new plant to produce chemicals from sugar. If successful, this project will give the company and Merseyside a valuable stake in a technology which could be very important as oil becomes more expensive.

The county has established a bridge with industry, Enterprise Forum, which it is hoped will generate new ideas, stimulate inter-trading and perhaps act as a source of help and guidance for new businesses.

Conditions for making progress in dealing with some of the county's most difficult problems are now more favourable in two other important ways, too. Environmentally, the port and railways now both have a clear idea of future land requirements and should be able to release surplus acres.

The county itself is engaged in talks with Mersey Docks and Harbour Company which could lead to important developments including a maritime museum, and commercial and leisure facilities on the site of the disused South Docks. Recent Government backing for a revised roads scheme means also that land reserved for the urban motorway can be released. The completion of Liverpool's new underground rail scheme last year already has added significantly to the area's transport resources.

Improvements

The problems of the past few years also have brought about a strengthening of the machinery for economic revival. Government is involved through its regional aid programmes and through the inner city partnership—a joint body bringing together central and local government with £10m a year to spend on environmental and other improvements aimed at bringing life and work back to the inner urban area. Other bodies — apart from the local authorities—now actively at work in the area include the Manpower Services Commission and the National Enterprise Board.

The response which this machinery can make will now depend on a number of factors. For all the aid directed towards Merseyside, the performance of the UK economy—and in particular the ability to avoid a return to high inflation—will determine how quickly unemployment comes down.

Willingness by all the various parties now involved in economic regeneration to work together is also going to be important. The new system of local government which has left counties and districts both able to claim responsibilities for industrial development is a problem on Merseyside as in some other metropolitan counties, while the Government's direct involvement in the local economy, through the ministerially-chaired partnership committees, is again a source of potential jealousies.

The people themselves are the final element. A good many explanations, ranging from the chemistry produced by mixing Celt and Lancastrian to long traditions of casual employment, have been advanced for the characteristics which go to make up the typical Merseysider if such a person exists.

At least as important in shaping attitudes, however, has been the speed with which change has overtaken the area and its industries. The best hope is that the changes still to come can be managed less painfully and with more foresight than in the past.

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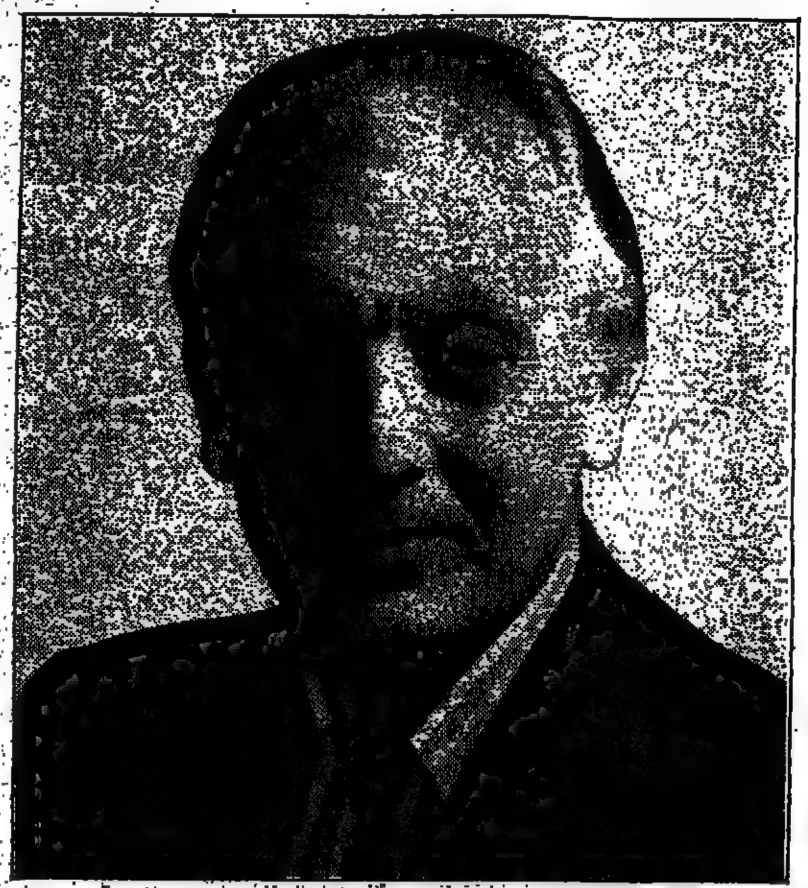
Quotes that didn't make the headlines in 1978...



John Williamson General Manager for the United Kingdom
THE ROYAL INSURANCE GROUP

"We set a high standard and are very successful in recruiting good-quality staff on Merseyside. We are known to be good employers providing top grade facilities and opportunities. Our staff wastage ratio is very low indeed. Liverpool is an excellent area for amenities and travel so that we do not experience difficulties whenever we need to transfer people from other parts of the country."

D.H. Booth, Assistant Managing Director, BICC Cables Ltd., & Executive Director Prescot. BICC LIMITED

"We have a strong commitment to Merseyside and in the last ten years have invested more than £40 million in new plant and equipment in the area. We continue to make major capital investments in Merseyside. The most recent is an investment by BICC Metals Limited of £4 million in one of the world's most modern continuous copper casting and rolling plants at Prescot, which was opened in 1976, and currently we have nearing completion the modernisation and expansion of our electrolytic-copper refinery, also at Prescot, at a cost of £5 million."

Sydney Allen, General Manager
CHAMPION SPARKING PLUG CO. LTD.

"Government grants were attractive so it was decided to invest in a development area. Company representatives were brought to the site here at Upton on the day it was zoned as light industrial and were immediately attracted by the environment, the labour availability (male and female) and the general situation here."

Away from the headlines Merseyside has, for the past decade, been quietly restructuring and widening its industrial base.

1978, however, was a particularly good year for new investments.

Fords announced plans to invest £200m in their Halewood factory;
Shell Chemicals gave the go ahead for £75m to be invested in new technology at Stanlow;
Pilkingtons approved a total of £70m for a new float glass installation;
Tate and Lyle moved ahead with two new factories in the area costing £12m
and Cooper-Bessemer committed £5m for a major expansion of plant at Knowsley.

This means that total investment in 1978 by major manufacturers in Merseyside exceeded £500m!

Return the coupon and we'll present our case more fully.

To: Jack Stopforth, MERCEDO (Merseyside County Economic Development Office), P.O. Box 95, Old Hall Street, Liverpool L69 3EL, Merseyside. Tel: 051-227 5234.
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- GRANTS AND INCENTIVES FOR MANUFACTURING ☐
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Merseyside County Council

MERSEYSIDE IV

Industry fights to beat slide

IT IS one of life's ironies that at a time when Merseyside has become the football capital of England its industry should have fallen to such a low level of performance. How industry wishes it had the resilience of its football teams. Liverpool, in particular, and Everton have consistently dominated the top of the first division and the Anfield men have gone on to become European champions for the past two years. Industrially, Liverpool and the whole of Merseyside have slid down the first division table to an ignominious position for an area its size.

The causes of the slide have been well categorised. First, the need to reorganise the port so that it could live with modern shipping practices. Then, the low output per man, poor management, an unwillingness by out-of-work men to travel to alternative jobs, a poor strike record which gave the area a bad name and, partly in consequence, difficulty in attracting in new investment.

Many of these problems remain. Indeed, they are likely to be exacerbated if there are further closures of major manufacturing plants. There are already fears that Dunlop might close its tyre plant, affecting 2,400, the position of BL's Speke plant will remain uncertain until that company has reorganised its own affairs nationally and threats hanging over GEC.

Any further closures will therefore hasten the move out of manufacturing on Merseyside and emphasise the growing importance of the service sector.

Traditional

Although one of the main industrial centres in Britain—it has 11 firms with workforces of between 5,000 and 15,000: BICC, Cammell Laird, Ford, BL, Vauxhall, ICI, Pilkington, Mersey Docks, Plessey, Shell and Unilever—Merseyside was until the mid-to-late 1950s always predominately a service area. Its industry was largely geared on the port and providing services for the port, which itself looked essentially to traditional markets in Africa and America and labour-rich handling of goods.

Government action in encouraging industry into Liverpool, especially the motor firms and the allied components industry which grew up, built up the share of manufacturing in local industry but the low productivity and bad management of a workforce unable or unwilling to adapt itself to modern industrial disciplines quickly led to a contraction of industry when the good times were succeeded by the bad.

In the recent past Tate and Lyle, Hygena, Plessey, Cammel Laird, Western Shiprepairers, Birds Eye, BL, Courtaulds and Lucas have all announced closures. Since these have each encompassed large numbers of workers they have made it that bit more difficult to attract alternative firms in.

The result has also been to push the industrial profile of Merseyside back in the direction it has long held. Since 1971 there has been a fall of just over 6 per cent in the total workforce in the Merseyside special development area, a drop which obscures a considerable switch in emphasis between manufacturing and service industries.

Manufacturing industry declined by over 13 per cent with certain sectors, such as mechanical engineering, shipbuilding, instrument engineering and metal manufacturing faring a lot worse. The construction industry, a traditional Liverpool industry, was also badly hit but this was more a reflection of the recession and the cutback in local government spending.

A report commissioned for the Department of Industry by PA Management Consultants has forecast that by 1981 manufacturing industry would drop by another 10 per cent but that the service sector would go up by a small amount.

Perhaps disappointingly, much of the increase in service employment over the past decade has been in white collar jobs associated with public administration, such as education, and local government and relatively little into export-inclined jobs which pump money more quickly back into the economy.

The increased emphasis on the service industries will continue. There are plans to move over 3,000 Ministry of Agriculture employees into the area to boost the total in public administration, which rose by 17 per cent in the 1970s.

Not all the manufacturing scene has been black. A number of companies have expanded or are about to. The biggest of these is Ford's £200m at Halewood associated with the Erica car project. Another important one is GEC-Fairchild's proposal to put its £20m plant at Neston which will eventually provide work for over 2,000 people. BICC, Lucas, Kodak and Ravenhead and Cross International are all making significant contributions.

Share

In addition, Merseyside has been lobbying hard for a share in the Inmos mini-chip project sponsored by the National Enterprise Board. It hopes to secure at least one of the four production centres envisaged, which would add another 1,000 jobs.

The NEB's North Western office in Liverpool has also backed up the efforts of the local authorities which are seeking potential entrants by pointing out that it will put up to half the capital for any joint venture, an offer that is open to firms considering the region as a whole and not just Merseyside but not one that has been eagerly accepted by some local authorities.

On top of this the government has done a lot to help attract industry in, with some success. In the 12 months to the end of last October it assisted projects through its selective assistance schemes with a total investment value of £150m. These created 9,000 new jobs and preserved another 11,000. This was an appreciable rise compared with only six months earlier, for instance, when the 12-month total projects worth £133m aided.

Despite the rise in the rate of building of advance factories there are few plants still on offer, which is another good sign. At the start of December there were just five of the larger units and six smaller ones on offer, with a good stock of applications in the pipeline.

Further building, however, is bedevilled to some extent by the lack of availability of sites in the city. To anyone taking a quick glance over the city from around the cathedral this might seem surprising because there are any number of areas that might appear suitable. The drawback is that many of them have complicated ownership problems and so they are not immediately available for potential development.

There are probably only five or six very large sites—of 100 acres and more—available in the area, and two of these are affected by legal niceties. Liverpool would be greatly helped if it had an organisation—or individual—such as the Land Authority for Wales which has cut through the legal maze and made land available in Cardiff following the closure of the local steelworks.

Merseyside would also be helped if more could be done to improve the visual aspect. With large parts of the inner area derelict the city does not offer an immediate inducement to a potential investor.

When Inmos decided to site its research headquarters at Bristol little serious opposition was raised; an attractive city with a good supply of labour. Yet Liverpool has outskirts every bit as attractive as Bristol—Chester can bear comparison any day and the Southport area to the north has its own attractions—and should have been able to put up equally as good a case. But until much of the inner dereliction is overcome it will suffer by comparison.

This, in a nutshell, is Merseyside's industrial problem as a whole. There are signs that things are slowly—very slowly—getting better. There is a feeling among industrialists (*whatever politicians and civil* servants may say to the contrary) that they would be helped if the Merseyside special development area were given a higher rate of assistance. But this is all for the future; for the present it is a matter of living with difficulties and overcoming them slowly.

Anthony Moreton
Regional Affairs Editor

Drive to create jobs counters closures

IF THERE isn't a word for it, you can rely on a Liverpudlian to think of one. It's no coincidence that one of the more bizarre contributors to contemporary English vernacular is Ken Dodd, who hails from the intriguingly-named suburb of Knotty Ash.

In the bleakest economic days of 1978, when one announcement of redundancies on Merseyside followed another with the same sort of regularity that the Reds were knocking in goals at Anfield, such characteristically self-derisory terms as "Mersey-slide" and "Mersey-cide" were coined by the local wags.

The latest addition to original *Scouse has much more of a* positive ring about it, though. The Mersey Docks and Harbour Company has conjured up the un-lovely but eye-catching term "Mersatility" to describe the range of services they are offering.

It's a proud attempt at what may be seen widely as swimming against the tide. Yet as jobs are axed on Merseyside at a frightening rate (including substantial numbers within the docks themselves), river-front activity is assuming as great a significance in relation to the local economy as at any time since slavery was abolished at the start of the 19th century.

Between 1971 and 1977 Merseyside lost more than 66,000 jobs through redundancies—60 per cent of them in manufacturing and engineering and another 20 per cent in the construction trades. When the 1978 figures are finally collated, the previous record level of 12,730 redundancies for any one year, set in 1971, certainly will be comfortably surpassed.

Triumph, Lucas Aerospace, Plessey, Courtaulds, Dunlop, Western Shiprepairers and a dozen other familiar names have followed in dismal succession with shutdowns or massive rationalisation programmes. Even Pilkington's at St. Helens, whose float-glass process is a world leader, is shedding 250 from its workforce.

Crumbling

Add the docks company's own contribution — a voluntary severance scheme already in effect and intended to reduce the number of registered dock workers by 315, with as many as 700 more conceivably to be called for this year—and it would seem as if the entire commercial base of Merseyside is crumbling away. But the docks represent the major single service industry, and if they thrive then a host of ancillary businesses will prosper with them.

Accordingly, docks management has been lobbying hard in Whitehall for an extension of regional development grants to cover their operations and provide them with desperately-needed capital for investment in new equipment and machinery. They can point proudly to a £4.1m profit in 1978 as evidence of their viability, but find it hard to disguise their chagrin as the Government hands out huge sums to keep the ailing Port of London Authority afloat.

A Job Centre in Williamson Square, Liverpool

The current severance programme is unavoidable with daily surpluses of labour running to 700 men as containerisation supersedes general cargo handling. The £50m Royal Seaforth Container Terminal is moving steadily towards break-even point, confidently forecast for next year, and the new Freightliner rail link should speed the march into the black when it starts in the autumn.

Merseyside Economic Development Office (Mercedo), the newly-instituted economic action group set up by Merseyside County Council, is canvassing hard to attract new investment to the area, but the most optimistic estimaes suggest that only one new job is being created for every ten lost, and it doesn't help that Liverpool City Council has its own industrial development team in direct opposition to its county overlords.

So Merseyside must look further afield for widespread job creation than the clutches of small advance factories springing up on derelict sites, and there is a variety of indicators that investors have confidence in the region, despite the invariably dismal picture of it (containing a glimmer of truth, no more) painted by the national Press.

Parts of the sprawling South Docks, closed down for maritime business in 1972, are about to be revived by two big development projects involving shops, supermarkets, leisure facilities, offices and a trade centre, and that will both remove a ghastly eyesore from within a mile or so of the city centre and create 1,000 or more new jobs.

Additionally, Civil Service movements to Merseyside include the recent arrival of the Land Registry at Birkenhead, with about 500 jobs, and as many again promised for other departments occupying new offices in Liverpool. Giro at Bootle provides employment for 4,000.

As familiar a face in the local newspapers as those of Ken Dodd, Emlyn Hughes, Kenny Dalglish or a curious cartoon character named Curly Wee is that of John Moores, founder of the Littlewood's chain of stores, mail-order firms and football pools which has its HQ in Liverpool (so, incidentally,

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The workshy myth

WITH A record total of about 14,000 redundancies in Merseyside last year and unemployment running at about twice the national average, 1978 was a demoralising period for the county's investment seekers.

For them one of the worst aspects was the fuel situation provided for these perpetrators of what the area's trade unionists and industrial developers refer to as the "Merseyside myth"—the local people's supposed reluctance to work.

The myth has been pursued relentlessly by both foreign and British journalists and other outside observers over the past 12 months, according to Merseyside Employment Service.

Even social research students from countries as distant and far apart as the U.S. and Holland have been haunting the wastelands of the City of Liverpool, its libraries and trade union archives on the same mission.

With so many people intent on digging up evidence of a certain genetic incompetence in the Merseysider which make him almost unemployable, it is not surprising that the area fears extreme difficulties in exploding the myth.

At various times statistics have pointed to a Merseyside tendency to the "English disease." In 1973, for instance, Department of Employment figures showed that only 32 per cent of Merseyside establishments employing more than 1,000 people were strike-free compared with 54 per cent for Britain as a whole. And in the two preceding years the record was a deal worse.

Since then, strike statistics for the area have been less conclusive but the media's efforts to project a continuation of the image of the early 1970s have more than compensated.

Unfortunately, the particular qualities of the Merseyside character have contributed to the perpetuation of the myth. Trade unionists concede that when there is a national strike affecting the region, it is the Merseysider who is invariably, as one local official put it, "first out and last back."

Last year provided enough examples during the October pay fight in the Vauxhall motor company, the Ellesmere Port car workers were the first to vote for a strike and held out for industrial action long after their colleagues in Luton and Dunstable had rejected the strike call.

Moreover, the Merseysider has a reputation for rising to the occasion when confronted by a television camera. The area has a "stagey" culture and the Merseysider likes to live up to what is expected of him. If a national strike is in progress Merseyside is the first place the journalist thinks of if he wants to find a strike spokesman with a plain-speaking and colourful talent for articulating the grievances that have caused the disruption.

The same may be true of Glasgow, but television teams south of the border would not bother with the extra journey or the more difficult rail connections if Merseyside can produce the same goods.

Therefore Merseyside developers expect a tough task in the months ahead persuading potential investors that the massive redundancies and closures which hit the area last year were not a just retribution for the misdemeanours of the past.

Image

Merseyside's earlier strike history and its present popular image, however, give a genuinely misleading picture of its labour relations.

Most aspects of social history in the region are rooted in its maritime past. Labour relations in the Liverpool docks were notorious before containerisation and diminished sea trade from the Commonwealth sent the docks into decline and the whole area's reputation for being strike prone seems to stem from that time.

Moreover, labour disruption in the docks—which incidentally was probably little worse than elsewhere in the country—achieved a special significance because sea trade at that time still dominated the Merseyside economy.

Disruptive disputes are now few and far between in the docks, but in the bad days the number of days lost per dockworkers reached nearly 30 in one year when the workforce was considerably larger than it is now.

Merseysiders often attribute their labour problems fundamentally to the need for the area suddenly to earn a living from manufacturing industries after its previous existence on a commercial base.

Redundant dock workers, accustomed to a sociable outdoor life, suddenly needed to find jobs on production lines in car plants where discipline and time-keeping were an essential part of the daily routine and where the environment was totally unfamiliar.

In the motor industry in particular, even the most placid workforce would have been hard put to avoid becoming involved in labour problems. Merseysiders, many of them new to the industry, had difficulty in adjusting to an imported management which was insufficiently sensitive to the workforce's proud and plain-speaking characteristics.

In addition, the Merseysider whohse way of life had been turned upside down suddenly found himself working in an industry where labour disruption was already endemic.

Merseysiders seeking to defend themselves against their past strike record point with justification to the fact that the area has had more than its fair shae not only of industries which are traditionally strike prone, but also of large-size companies where indsutrial disruption tends to be more frequent.

The high incidence of strikes in the 1971-1973 period compared with the national average at the time was almost wholly attributable to companies employing 1,00 or more workers. Those with between 500 and 1,000 experienced rather less disruption than the national average while probably 95 per cent of small companies then and now have never seen a strike.

In 1973, moreover, 50.38 per cent of Merseyside employment was in factories with more than 1,000 workers. While among the large companies only between one quarter and one third were strike-free, three quarters of the medium-sized ones had no no strikes.

Merseysiders also complain when their strike figures are compared with national averages. The aera's strike rate in a 10-year peirod was running, according to one commentator, at approaching 1,270 lost working days a year per 1,000 workers compared with a national average of 560.

What is often ignored is that the figure compares favourably with comparable statistics for a number of other industrialised regions: for instance in South Wales, Coventry in the Midlands and some areas of Scotland and Yorkshire.

Loyalty

Merseyside is host to a number of industries which have a national history of being strike-prone. Research into the national strike trend between 1966 and 1974 carried out by the Department of Employment showed that the highest incidence of industrial disputes occurred (after coal mining) in the docks, the car industry, wheeled tractor manufacture, shipbuilding and postal service and telecommunications — all of which have a substantial presence in Merseyside.

Quite obviously, the area does have its own special problems tied to the high unemployment rate and the recent massive number of redundancies and closures there. The question is whether labour problems have precipitated these disasters or whether they are the natural response of a frightened and demoralised community.

Local trade unionists and managers alike attribute the trend to some extent to artificial Government inducements to companies to come to Merseyside. They claim that because companies have been bribed to set up there, the area has suffered from too many "fly-by-night" concerns; and also that some major investors have seen their Merseyside plant as the most dispensible whenever there has been a need to contract.

All these problems and others are tied as much to economic and commercial circumstances and their effects on a comparatively new manufacturing area and on the impact of new technology.

Job insecurity has certainly played its part. Merseyside labour disruption often now comes from sit-ins or occupations representing a last-ditch attempt by workers to draw attention to their plight and prevent a closure.

A certain quality of determination and solidarity bred from these problems is often manifested in labour disputes. If strikes are not more frequent in Merseyside nowadays, they tend to last longer than elsewhere once they have started.

In addition, a generally low productivity rate in the area is often put down to a desire by the workforce to share work and prevent further redundancies.

It is argued, however, that these same qualities of determination can be usefully channelled into production providing a company is well run, has a good product and high-calibre management.

The Merseysiders' capacity for loyalty is said to be as evident on the shopfloor of many of the area's factories as it is in the football stadium.

Trade unionists vent their anger in particular on managements who "hang their hats" on the Merseyside myth when proposing cuts in their workforce. They argue that militancy, where it does occur, is often invited by companies which try to keep wages down by playing on the insecurity of the workforce.

"I would rather see militancy in Merseyside whatever the employment rate here than see workers being exploited," one union officer said.

There is a general desire to see more service industries in the area because that is what the Merseysider feels he is good at, particularly at a time when manufacturing industries are becoming less labour-intensive.

But big manufacturing companies with a foothold there are continuing to invest in a workforce in which they apparently have a lot of faith. Major companies are currently planning to spend a total £149m on expansion and development.

E. R. Squibb and Sons, part of the Squibb Corporation, is planning to spend £2m on an extension of its manufacturing plant. Mr. Colin Campbell, production director, went on record with this tribute to the Merseysiders recently:

"I can say without fear of contradicition that, with proper supervision, the Merseysider really does give good value for money. One of the happy features about this place is the easy relationship between top management and employees."

But he warns potential newcomers to the area: "I feel that he (the Merseysider) wants to be treated fairly. If he believes he is being treated fairly and if he is kept fully in the pitcure as to what is happening, his attitude always will be a good one. The Merseysider stops to think and refuses to be treated as an automaton."

Pauline Clark

Jobs drive

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does Vernons Pools). Barclays Bank and the Royal Insurance Group are two of the largest office employers, though neither is planning any major growth to ease Merseyside's employment problem.

Much the least evident of Liverpool's service industries, with turnover figures far more impressive than numbers employed, is the concentration of commodity brokers in the area. The Liverpool Cotton Association retains a world-renowned reputation for the arbitration skills of its members and their annual dinner, under the baroque arches of the Adelphi Hotel, has attracted even the USSR's cotton exports director to share in its unashamedly capitalistic euphoria.

C. Czarnikow, which in terms of turnover ranks among the largest of Britain's private companies and deals as tallow, oils and fats brokers, has substantially increased the size of its Liverpool operation, though the number of additional jobs inevitably amounts to no more than a dozen or so.

The overall impression, then, is of Merseyside doing its best to offset unemployment levels suspected to run as high as 30 per cent in deprived inner city areas by at least matching the national swing towards more jobs in service industries and fewer in manufacturing. Certainly, recent experiences in shipbuilding and repairing and in car manufacture (despite the continued presence of Ford and Vauxhall) surely must dissuade the most fervent supporter of Merseyside's traditional activities as the key to economic revival.

The classic argument for the failure of Triumph was that ex-dockers didn't make good car workers. Whether the long line of unskilled and semi-skilled factory workers at the Job Centres will fit neatly into vacancies in service industries is another matter entirely.

Robert Phillips

J.M. Centre, Liverpool—Headquarters of The Littlewoods Organisation

County seeks identity

WHEN LOCAL government reform created a new Merseyside metropolitan county in 1974, all efforts were concentrated on trying to establish an image for this awkward child of the marriage of 26 former local authorities.

There was opposition: from *the public who did not understand why, for instance, Southport and Bootle had become Sefton District Council; from Southport itself, a town which wanted to opt out; and from St. Helens, which had more in common with Warrington and Manchester.

Curiously, now that an image has been established, Merseyside is trying to change it. It does not like the picture of unemployment, vandalism, crime and militancy that is the main preoccupation of the four districts outside Liverpool which form the greater Merseyside county area.

The borough of Sefton, which rambles along the northern coastline of Merseyside, tells a story of two contrasting towns. The southern end, on Liverpool's borders, houses Bootle and Litherland, built on docks-related industries; a contrast to the genteel and wealthy seaside resort of Southport at the north.

The comparison is more heavily underlined by the special development area status which only Bootle and the south have. Sefton council is trying to get special status, and the grants it brings, to benefit all its 305,000 population.

The twin prongs of Sefton's attack on unemployment (8 per cent in the north, 12 per cent south) are providing alternatives to the jobs lost in the declining docks, and attempting to *bring office and factory* development to Southport.

Since local government reorganisation in 1974, Sefton's two halves have never been happy bed-fellows. Southport Liberals tried to annexe the resort from Merseyside. Now they are closer, but both towns are still strongly independent.

The borough's south river area contains a major part of Liverpool's dock system, including the £50m Royal Seaforth container dock, with a 100,000-ton grain terminal close to mills owned by Kellogs and Allied Mills.

Bootle and Southport are the main employment centres, providing more than 70,000 jobs. In the resort employment is related to the holiday trade; in the south the traditions of shipping and ship repair, with modern government offices, National Giro HQ, Midland Bank and Trustee Savings Bank computer centres.

Post-war commercial developments at Bootle have been much admired, although the 600,000 sq ft St. John's House office block has been hit by an embarrassingly long strike since 1970. It is now unlikely, when completed in a year or so, to house the Inland Revenue and 1,000 employees.

But the council boasts of the eight advance factory units (3,500 sq ft each) at Brook Road, and another 14 small (1,000 sq ft) units at Brasenose Road, Bootle, as well as the 27 acres at Netherton where two more units (40,000 sq ft) are *nearly ready.*

At Southport, a 64,000 sq ft super store (providing 200 jobs) will take about 18 months to complete and £4½m is being spent on a three-storey office block for the Office of Population Censuses and Surveys building (700 new jobs, 500 recruited locally) after a 2½-year contract.

Crime

Knowsley, spread over 23,900 acres and with a population of 187,000, is made up mainly of Kirkby, Huyton and Prescot. The borough's problems include the image which Kirkby acquired, helped by the Z-cars TV series, its high birth rate and its crime.

But council officers will not talk about that now. They tell you Knowsley is the hub of a busy transport network. They tell you they have acres of land available for industry. They need the jobs because unemployment in parts of the borough is 22 per cent, as high as the inner areas of Liverpool.

Unfortunately the 80,000 sq ft office block built in Kirkby centre by Norwich Union, completed in 1975, is still empty, but Knowsley does not charge rates on empty property.

While other districts have a somewhat distant relationship with Merseyside County Council, Knowsley co-operates fully. "We need a healthy Knowsley," said Lawrie Cook, deputy planning and estate officer. "But that means a healthy Merseyside. We have to be inter-dependent."

Knowsley is designated a Special Development Area, offering maximum grants and loans, and the council has put a six-figure sum aside to top up the money available. It even offers professional advice, planning, finance or legal assistance. The council is proud that planning applications take, usually, less than eight weeks to process. One was accomplished in three days.

Most of the industrial development has come since the 1939-45 war. Big firms include Ford, Kodak B.I.C.C., Birds Eye, Huntley and Palmer, Hygena, Kraft, Otis Elevators and A. C. Delco.

The new borough of Wirral has no problems of identification. On three sides it is hemmed in by water and its constituent parts, industrial Birkenhead, resort-town Wallasey, residential Bebington and the elegant wealth of West Kirby, Hoylake and Parkgate, are all well known.

The borough's unemployment is about 10.5 per cent although parts of Birkenhead have a quarter of their population out of work. Even so Wirral's development office admits to making no special effort to advertise for industry, arguing that it is expensive.

Wirral, traditionally a dormitory area for professional people who cross the River Mersey daily to Liverpool to work, fits more easily into its new council identity than other parts of Merseyside. Its main industries were the docks at Birkenhead, now the largest ship-building centre on England's west coast, and the Unilver complex at Bebington, with a 14,000 workforce.

In the post-war period there were serious attempts to diversify: Cadbury-Schweppes established a plant at Moreton, along with E. R. Squibb, the pharmaceutical firm, while Champion spark plugs set up at Woodchurch. The Vauxhall car plant was built at Hooton, but now lies just outside the Wirral boundary—a huge loss of rates for both Wirral and Merseyside.

Little has been done to bring major industry to Wirral since 1974. Advance factories have been built at Bromborough (15,000 to 25,000 sq ft), and more recently smaller (3,000 to 6,000 sq ft) units are being built at Rock Ferry.

For the first time firms already in the area are being allowed to move into the new units, providing they bring more jobs. Only three of the 16 units are still un-let, and the Department of Industry plan to build more in the centre of Birkenhead.

Over the last three years unemployment in Wirral has increased along with that of Liverpool (5½ per cent up, 1974-1977). The employment profile is different though: 32 per cent in manufacturing, 57 per cent service industries, the rest professional and scientific.

The problem with the published unemployment figures for St. Helens Borough, on the eastern edge of Merseyside, is they are never complete. Large parts of the district are included in the figures for Warrington and Wigan.

To complicate things more, only parts of the borough's 33,000 acres are in the Merseyside special development area.

Sixty-five per cent of the working population is employed in manufacturing industries as diverse as clothing, chemicals, car components, diesel engines, copper wire, glass, sugar and oil industry plant.

St. Helens recently accelerated its attempts to attract industry to the district and now has a special team set up to do this.

There is a serious shortage of serviced sites for industrial use in the borough, as well as factory units. Six factory units (2,500 sq ft each) built last year have been snapped up, and more are being built on five sites. Light industries being attracted by these off-the-peg factories include window frame manufacturers, shrimp processors, and colour printing companies.

But the fact that parts of the district, including Haydock and Newton-le-Willows, are only "intermediate" areas and do not rank for special development area grants, puts the eastern part at a disadvantage.

However, the unique Community of St. Helens Trust has been set up to help with advice and loans to new business ventures in the borough or extensions to existing firms.

To be eligible the business should be potentially viable, and able to stand on its own feet quickly, creating work mainly for the area's own people.

Ian Craig

Liverpool airport begins recovery

ON A DAY when fog was blanketing much of Southern England and the Midlands, the Liverpool airport at Speke, close to the Mersey shoreline, last month received its biggest ever visitor, a diverted Boeing 747 on its way to Heathrow from central America. And, if plans by the airport authorities come off, Speke sometime in the near future is hoping to play host to a special visit by Concorde, thus demonstrating that it can handle the biggest and the fastest aircraft currently in service.

In both cases the visits are one-off, but for Liverpool airport, and the general public in Merseyside, they are a further sign — and a visible one, too — that after more than a decade of uncertainty Speke may at last be transferring itself from a liability of white elephant proportions to the ratepayers, into an asset.

The airport in its present form was constructed with due civic pride by Liverpool in the 1930s and more than 40 years later its terminal facilities — built in the same stream form design of many cinemas of the period — remain much more than adequate to handle even the maximum passenger throughput yet achieved — 500,000 in 1974.

Preference

Liverpool has never quite *recovered, however, from the* collapse in the 1960s of British Eagle, which was based at the airport. British Eagle's services, together with those run by the airport's other main operator at the time, Cambrian, were acquired by British Airways, but the state airline has not made any secret over the years of its preference for concentrating its developments in the North West at Manchester.

The fuel crisis in 1974 added to Liverpool's problems, reducing traffic to only half its previous levels, though this year it is expected the total will be back up to around 300,000. To add insult to injury, the fact that it used local authority firemen meant it was the only airport in the UK which had to close down completely during the firemen's strike last year.

Against this background and with heavy losses every year it is perhaps none too surprising that a strong compaign was waged at one time in Liverpool for permanent closure, and reliance instead on nearby Manchester airport 30 miles and about 45 minutes drive away. Though this course was never adopted, Speke was given only the low status of a category C airport — catering mainly for local needs — in the Government's White Paper on airports policy last summer, ranking it alongside Bristol, Teesside, and smaller airports such as Blackpool.

All this, however, was before a route swap deal between British Airways and British Midland Airways, the effect of which could change dramatically the fortunes of Speke. In return for some BMA services to Frankfurt from Birmingham, British Airways handed over its Speke routes and last November pulled out of the airport altogether.

Since taking over, BMA has increased the number of flights on the most important route—*to London*—from two to *five* a day and is making special efforts to ensure that the service builds up a good reputation for reliability. The airline, which is reported to be happy with the response it has had so far, has also added Liverpool to its East Midlands-Brussels-Frankfurt service, giving air travellers on Merseyside a local link with Continental business centres. BMA is also planning a number of other new routes within the British Isles to supplement existing services to Belfast, Dublin and the Isle of Man, and several other operators have also shown interest in using the airport

The airport will also have the chance to win additional traffic this summer and next when Manchester Airport begins a period of night-time closures for runway improvements to take place. *Though most of the air*lines affected will be trying to reschedule to avoid the 11 pm-7 am closure period, some freight and holiday charter flights may still need to be accommodated at Liverpool, and if air traffic controllers in France again cause disruption other flights may also need to be diverted. Though negotiations with the airlines are still at an early stage, Liverpool expects to be handling roughly an extra 35 flights per week from Manchester and it is hoping at least some of this business can be retained after the runway work is completed.

This relief work which Liverpool will be undertaking in fact points to the likely role of the airport as a complementary facility to Manchester, the Speke authorities claim. "We see Liverpool developing alongside Manchester in much the same way as Gatwick has grown up next to Heathrow," Mr. Roderick Rufus, the airport director points out. As Manchester develops as an international gateway, adding long haul services to its existing domestic and European services, there will be a need to divert away some of the existing charter and general aviation, the authorities in Liverpool believe. This year will itself see an expansion in inclusive

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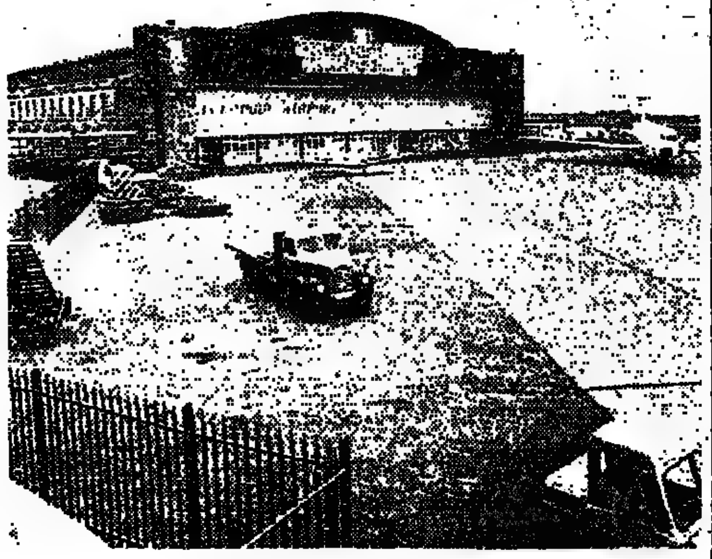

Liverpool Airport

Docks depend on co-operation

WHEN A shipper decides to use the port of Liverpool these days there is a good chance that as well as speaking to the marketing department he will also be asked to discuss his requirements with representatives of the dockers who will be handling his cargo.

It is not only at the quayside that the port's workers come into contact with potential customers. A marketing delegation which visited the Canary Islands for discussions with the fruit trade last summer included four shop stewards, and together they persuaded growers and exporters to strengthen their links with the port.

When new equipment is being introduced, too, the labour force is now very closely involved. Groups of dockers have been to the Continent and the U.S. to look at proposed new handling equipment in action and make sure that, in their view, it would be suitable for use at the Royal Seaforth Terminal. Without their approval, port management points out, it is unlikely that equipment will be bought and if the dockers' representative suggest modifications these will be made if possible.

The much greater involvement of the labour force is one of the most important changes to have taken place in Liverpool docks since the present Mersey Docks and Harbour Company took over following the financial collapse of its predecessor in 1970. And it is one of the main factors in the port's slow renaissance.

Improvement

Though Liverpool, like all other UK ports, has been affected by the prolonged recession, it has returned over the past three years to modest profits after accumulating losses of £9m in 1971-75. In 1977 the total surplus reached £4m and although this figure will not be repeated when the accounts for 1978 are completed, the port will still end the year with a small profit.

The period has also seen a radical improvement in the port's once-notorious labour relations record. In 1972—before the introduction of new payments systems which replaced the previous system of quayside bargaining between shop stewards and management over the rate for the job—256,618 days were lost, an average of 26.9 days per man on the 9,541-strong register. By 1976 this had fallen to 8,823 days, or only 1.3 days for each of the 6,916 men on the register. In the first 11 months of last year, the average number of days lost per man was 5.66, mostly accounted for by one short stoppage in January.

The other major element in the port's recovery—again made possible as a result of the co-operation of the workforce—has been the extensive re-shaping of port facilities during the 1970s.

Liverpool's prosperity was built on the import of raw materials: wool and cotton for the textile industries of Yorkshire and Lancashire; oils, fats and other ingredients for the feed industry; iron ore for the steel industry; and on the export of finished products from the factories of the North and Midlands.

The past 25 years have seen a significant change, however, both in Britain's trading position and in methods of cargo handling. Imports and exports from far-flung colonial possessions have given way to increased trade with the EEC, benefiting Britain's East coast ports. At the same time trade with developed countries and many developing countries has switched to containers and bulk carriers, leaving Liverpool with surplus capacity in its general cargo docks, extending like piano keys along the Mersey on both sides of the Pier Head.

To face these challenges, changes were decided upon in the 1960's, the most important of which was the decision to build the £50m new Royal Seaforth Terminal to the north of the existing docks on reclaimed land. Ten years later there are signs that the decision to stake the port's future on this scheme is paying off.

After initial losses Royal Seaforth is now making a profit overall and helping to offset losses made in other parts of the port, including general cargo handling.

The profit is being made at the highly-successful grain and timber terminals at Royal Seaforth, both of which have succeeded in recapturing business for the port. At the grain terminal a second silo has been added recently bringing total capacity up to 183,000 tonnes, and there are now three big grain processing mills established alongside the terminal: Kelloggs, Allied Mills and Continental Grain.

Total tonnages handled at the terminal have increased from 94,000 tonnes in 1974 to 1.7m tonnes in 1978, and following recently-completed modifications it is hoped that the terminal will be able to win a major share of the expected export trade in soft wheats resulting from last year's bumper UK harvest.

Imports through the timber terminal also rose last year to nearly 300,000 tonnes, from 191,000 tonnes in 1977, and to cope with extra demand there are plans to double covered storage space.

This year the port is expecting also to approach the required break-even point of about 160,000 boxes at the container terminal itself. The boost from last year's level of about 126,000 will come from new contracts signed over recent months and from the opening towards the end of next year of a new £800,000 rail link which will give Liverpool direct access to British Rail's Freightliner network for the first time. Extra capacity is also being created through the use of ship's gear to unload containers and a total of £5m is also being spent on new straddle carriers for handling containers.

Attitudes

But while major changes have taken place in Liverpool docks—in cargoes and handling methods, in the physical facilities and, perhaps most importantly, in the attitudes of management and dockworkers—the process has to be continuous, as Mr. James Fitzpatrick, managing director, points out. "We need to reshape what was basically a Victorian port to meet modern technological requirements and to provide customers with an efficient service for moving their cargoes. The main challenge comes from the general recession of the 1970s and the spread of container cargoes.

For the Mersey Docks and Harbour Company, which has already closed down its old south docks below the city's Pier Head, the decline is likely to mean a further slimming of the old docks system north of the Pier Head and further reductions in the labour force, already less than half the figure 10 years ago. The docks company is currently seeking a further 700 voluntary redundancies, to bring the total of registered dock workers down to fewer than 6,000.

The problem is accentuated, too, by the cut-throat competition for business between ports throughout the UK, some of which—the Royal Portbury at Bristol, for example—are anxious to fill expensively acquired new facilities with new business.

The strategy which Liverpool has decided to follow is gradual redevelopment of its North Docks system with selective infilling of the older basins, releasing more land for quayside servicing and processing.

With a reshaping of the North Docks it is hoped to attract regular customers who will want to use facilities provided in the remaining general cargo docks, an example being the new wines and spirit unloading facilities which can pipe direct from ship to warehouse. The terminal was inaugurated last summer with the landing of 165,000 gallons of rum from the Caribbean, but it can also handle exports such as whisky or gin. Other special facilities recently developed include a new roll-on, roll-off terminal for car exports and imports at South Bidston on the Birkenhead side of the river, and the opening in December of a new installation by United Molasses at Liverpool's Gladstone Dock to handle imports of edible oils and fats.

The search for new business have gone even further. Liverpool traditionally has been one of the British ports regularly used by the Chinese and a special mission led by Mr. Fitzpatrick visited China last year to seek a further share of the growing trade between the two countries.

Efforts have been made also to form new outlets for management skills available within the port. The port has formed a new road transport company, Norco, in partnership with a private haulage group to offer specialised transport services to its customers. Liverpool is also selling port consultancy services around the world. A port team has been helping to set up port facilities at Damman in the Gulf, and a sophisticated computer system developed for controlling operations at the Royal Seaforth container terminal has been sold to the ports of Houston in the U.S. and Bremerhaven, West Germany.

Whether the port can carry on strengthening its financial position and winning new trade depends on a number of factors, including continued industrial harmony. The port is faced too with a continuing search for higher levels of productivity in order to maintain its competitiveness with other ports. Here the threat comes, its authorities argue, not just from more efficient operators but from subsidised ports as well. London, for example, is being helped with £35m Government aid to rationalise its operations.

Liverpool, by contrast, has had to fund investment from its own resources and will be faced with a further heavy severance payments bill this year as a result of the proposed further reduction in the labour force.

The case for removing inequalities between the treatment of ports is being pressed strongly on the Government by the docks company and the performance of the port over recent years provides them with a new argument. As a result of its recovery the port now stands out as one of the strong points in the area's economy, the success of which deserves to be built on.

R.D.

Airport

CONTINUED FROM PREVIOUS PAGE

tour and cargo business at Liverpool.

Speke could also benefit, Mr. Rufus points out, from the further development in the 1980s of third tier air services, using small aircraft with a carrying capacity only 20-30 to link business centres within Britain.

Birmingham though only 100 miles away is another city with which services could be established on this basis.

The prospects for Speke look brighter therefore than for a very long time but the recovery has still only just started and a number of potential problems remain. The airport's accumulated losses over the last four years stand at £6m, and in the coming financial year they are due to be cut back only marginally to about £1m with break-even possibly being reached in four-five years' time.

There is the danger, too, that the recovery in traffic which has taken place could, as in 1974, be halted by a further rise in oil prices, sparked off by renewed political instability in the Middle East.

The official Government designation of the airport as category C also represents a possible hindrance, as the verdict of the Civil Aviation Authority on a number of recent route applications indicates. The CAA refused to grant licences for new routes to Amsterdam and Paris partly because of the effect these might have had on services from Manchester, a category A airport. CAA policy is that these services should be filled before flights from neighbouring less important airports are added.

The airlines involved, British Midland and Air Anglia, have decided not to appeal but the airport authorities are hoping they will return within the next year or two with fresh applications.

The airport authority—the Merseyside County Council—is also faced with a number of important decisions on the development facilities at Speke, and these are likely to involve further expenditure. Unlike Manchester with its sole runway, Liverpool actually has three, spread over a very large site. The latest runway was built in the 1960's and is capable of handling all traffic needs for the foreseeable future but is some way distant from the control tower and terminal buildings.

If, as seems likely, a decision is taken soon to go over to single runway operation—releasing the older runways, in part at least, for industrial development—it is likely the CAA would insist on new control tower facilities. A new terminal building might also be required, though in the short to medium term other options, such as bussing of passengers to and from the existing buildings, are likely to be acceptable.

R.D.

Tackling inner city decay

THE GOVERNMENT'S inner city policy is on trial in Liverpool. Failure on Merseyside would sound the death knell of a strategy devised to reverse the trend of urban decay in Britain.

Liverpool's inner city problems — unemployment, environmental decay, population exodus and lack of business confidence — reflect those other major industrial conurbations such as London and Tyneside. The whole battery of Government and local authority policies to combat these problems is on display in Liverpool, from straightforward industrial incentives through to measures designed to improve the inner city environment, the list of special aid to the area reads like a "what's what" of inner city policy.

Partnership

Certainly if the regeneration of inner city areas could be brought about by willpower alone Liverpool's problems would be over. There have been failures and successes and it is arguable whether recent government measures such as the partnership policy and the Inner Urban Areas Act have had sufficient time to prove their full potential.

Many involved closely with *Merseyside's industrial regeneration* argue that finance is still lacking and that more could be done to help drag the city out of its seemingly endless decline.

There are, however, a number of signs that Liverpool is beginning to come to grips with the problems of urban decay. Private industry is showing renewed interest in the city centre and the derelict South Docks area, and the city has been unable to keep up with the demand for advanced nursery factory units. The main site for redevelopment in Liverpool remains the 400-acre South Docks but shortly before Christmas agreement was reached on plans for a £20m redevelopment of 50 acres in the docks. The Mersey Docks and Harbour Company has agreed the terms of a 125-year lease on the site with financial institutions backing Gerald Zisman Associates, the development consultants.

The consortium is planning a trade, industrial and export centre which could create up to 10,000 jobs. The agreement was reached two months after Mersey County Council announced plans to buy the whole 400-acre site from the docks use by the Worcestershire company Pavilion Recreation covering a 40-acre site.

Other recent achievements which give hope for the future include approval for Wimpey's the builders to build 300-private homes on a 20-acre site in central Liverpool and the sale of the infamous "Piggeries" council tower blocks to Marque Securities, a Surrey property company.

The twin central features of the Government's current policy on the inner city areas are the partnership agreements and the provisions and powers of the Inner Urban Areas. Both are innovations and therefore it is difficult to assess their full potential. Liverpool is one of the seven partnership areas in Britain and it is just over one year since the first was established, in Birmingham. Much of the time since has been spent devising the partnership's strategy for dealing with the problems of inner city dereliction.

Partnership arrangements involve both local authorities and the Government, through Government Ministers, and in consultation with other local organisations to look at ways of regenerating the inner cities.

In Liverpool, the main problems facing the partnership were *loss of jobs from the docks* and manufacturing sector, which has been substantial and which has not been compensated for by an increase in the service sector.

The main purpose of the partnership area's strategy therefore has been to halt the decline in the inner city. Within this strategy it has identified a number of key issues for consideration. These include domination of the local economy by externally-controlled enterprises, the low proportion of manufacturing employment in small and medium-sized companies with growth potential, a loss of training opportunities in the manufacturing sector and constraints on private sector investment because of the poor environment and shortage of development sites.

The partnership was allocated £11m for construction work under the £100m construction package announced by the Government in 1977. Of the £11m, just £4m over the two years 1977/78 and 1978/79 was earmarked for the building of advance factory units. Contracts for 60 small nursery units totalling 175,000 sq ft were placed a year ago and the company, but negotiations over this purchase are unlikely to be affected by the Zisman agreement. Dicussions are also continuing over another development for shopping and leisure scheme was launched last June. In the seven months since all but eight of the units have been sold. Of those units sold 55 per cent have gone to local companies, about 30 per cent have gone to Merseyside companies wanting to return to the city centre and the remaining 15 per cent to outside companies.

The danger now is that demand for these small factory units will outstri psupply.

Target

In the current financial year the partnership will receive £2.5m for urban programme projects, while it has been allocated a further £10m a year for the next three years under the new Inner Urban Areas Act's enhanced urban programme provisions. Of this £750,000 will be spent in 1979-80 on new factory units—sufficient only to build 40,000 sq ft of new premises—with the allocation increasing to £1.85m for the years 1980-81 and 1981-82.

Mr. David Mowat, Liverpool's Industrial Development Officer, says this is insufficient to meet demand. He believes the city should have a target of providing 500,000 sq ft of factory space a year. This in itself creates problems because of a shortage of land in the inner city designated for industrial development.

In 1979-80 £330,000 is earmarked for the acquisition of new industrial development sites, together with £100,000 for the provision of site services. The amount available for acquisition will rise to £660,000 a year in 1980-81 and 1981-82 with £350,000 a year for site services.

The bulk of the remaining partnership funds will be spent on providing loans for industry, industrial refurbishment (£1.25m) housing, voluntary organisation projects and a further £2m for environmental improvement.

The Inner Urban Areas Act, which became law last summer, was aimed primarily at encouraging local authorities, and particularly those in the inner cities, to take an active role in cities, to take an active role in the Government's industrial strategy.

It provides extra powers for selected areas, including the partnership areas, which has enabled them to make commercial loans for land purchase, construction and the modernisation of buildings, the installation of services of up to 90 per cent of the value of land and buildings where other sources of finance are not available.

In addition, it allows local authorities to designate Industrial Improvement Areas in which they can give grants or loans for environmental improvements, or to convert buildings to provide new jobs. Merseyside at present has two such areas, one of which, the Great Howard Street Industrial Improvement Area, is in the inner city.

Since its designation in November there have been 35 inquiries from companies wishing to develop their premises and 17 firm applications of which 11 have been approved and two grants have been made for improvements. The success of the scheme can be judged by the fact that it has now been closed to further inquiries. In the partnership areas authorities can give grants towards rent, help companies taking on new leases on property not owned by the local authority, and provide interest-free loans for up to two years to bring derelict inner city sites back into use.

Clearly, improvement of the inner city environment is a major factor in renewing business confidence in the area and stemming the population outflow. To this end Liverpool is benefiting from both the derelict land clearance scheme and "Operation Clean Up."

Environment

A number of Government schemes have been begun in Liverpool to improve the environment. More than £1.5m is to be spent on clearing up derelict land on Merseyside under the derelict land clearance scheme qualifying for 100 per cent grants. The county council so far has approved nine projects covering a total of 170 acres, including a 15-acre site near Liverpool's centre.

Last November the Government approved a £2.8m grant for a joint Manpower Service Commission and Liverpool City Council scheme to create 750 jobs. Under the scheme two units are to be formed: a building unit creating 500 jobs with a £1.9m Government grant for the first 12 months, and a landscaping team providing 250 jobs with a £883,000 grant. Liverpool has approved expenditure of £650,000 for the projects until March 1980. Also in November the city council's new-found enthusiasm for conservatism rather than demolition was recognised when it won one of Europe's top conservation awards — for a £5m project under its inner city and conservation and rehabilitation programme.

The programme features conversion of large Victorian houses in Liverpool's city centre into flats. In conjunction with housing associations, the council so far has converted about 350 houses into 1,350 flats.

In addition to those measures designed specifically to benefit and assist the inner city area, Liverpool also has benefited from Government regional policy aimed at supporting Merseyside as a whole.

Merseyside was declared a Special Development Area in August 1974 and as such benefits from the full range of regional incentives. In the five years between 1972-73 and 1976-77, it is estimated, Merseyside received about £302m in regional financial assistance for industrial development.

It is estimated that regional policy has created 100,000 jobs on Merseyside since 1945. However, this has failed to keep pace with jobs lost: 80,000 disappeared between 1961 and 1971 alone. Under the Industry Act there is a whole range of aid available to industry expanding or establishing itself on Merseyside, including 22 per cent grants for building, 22 per cent grants for plant, interest relief on grants, loans on favourable terms and up to 80 per cent of removal costs.

Paul Taylor

Soccer fans nourished on success

A PHENOMENON to be seen frequently in Liverpool and around is houses with all the exterior woodwork—and sometimes even the brickwork—painted in bright scarlet or royal blue, in defiant proclamation that the householder is a supporter of Liverpool FC or its City rival Everton. At least one case has been reported of a child, male thank goodness, being christened with the surnames of the entire Liverpool team.

An outsider's first visit to Anfield, home of Liverpool, or Everton's stadium, Goodison Park, is a daunting experience. Attendances at these grounds are among the top half-dozen in the country—but the sheer animation of the extensive terracing, reverberating with colour and sound is dauntingly impressive—and often worth a goal start to the home side.

The inhabitants of the Kop, the towering south bank terracing at Anfield, are renowned throughout British football as the most passionate supporters in the land, famed for their singing and their caustic wit—yet known to temper their partisanship by generous recognition of doughty opponents at the end of the match.

Campaign

The Liverpool fans have been nourished on success in recent years; the club has finished in the first three in the Football League's First Division every season since 1971-72, winning the title three times and it has set the pace again in this season's campaign. Liverpool's 10 League championships is a record. They won the FA Cup in 1974, and reached the final in 1971 and 1977, and, on the European scene they won the European Cup in 1977 and 1978, and the UEFA Cup in 1973 and 1976.

A tradition of sound managership has been built up. The much-loved Scot Mr. Bill Shankly, of the sharp, tersely delivered witticisms, was succeeded more than two years ago by Mr. Bob Paisley, a quiet, thoughtful Geordie who has spent his entire career with the club, and the transition produced scarcely a hiccup.

Liverpool have never allowed their team to grow too old together in a way that would have interrupted success. They seem always to have the right men to take over at the right time—and this season, Emlyn Hughes, captain of England, had to wait three months to regain his place. Their greatest player, Kevin Keegan, was sold a season and a half ago to Hamburg for half-a-million pounds . . . . and disaster did not come. Instead the expensive new buy from Scotland, Kenny Dalglish proved an immediate success, though he has been short of goals recently.

Rivals Everton, who have been in the shadow of their neighbours for many years — despite the generosity of their former chairman, Mr. John Moores, the octogenarian millionaire who headed the Liverpool-based pools company, Littlewoods — have emerged this season as a real force under their new manager, Mr. Gordon Lee, and the First Division championship looks like being a tough battle between these two clubs and West Bromwich Albion. Mr. Lee's rebuilt side may not play as attractively as Liverpool, but they have earned new respect for their efficiency.

Other codes of football are extremely well supported on Merseyside, which is also a Rugby League hotbed, with such sides at St. Helens, Widnes, and Warrington, and there are quite a few strong Rugby Union clubs —Liverpool have an unbeaten run of 20 games.

Aintree, a Liverpool suburb, is the home of the most famous steeplechase in the world, the Grand National, which in pre-television days drew crowds of ½-m to watch brave horses and men tackle some awesome jumps. But in recent years the course has had a turbulent history and it is now in the hands of the Official Receiver because the Walton Group, headed by Mr. Bill Davies, was not able to fulfil its commitments. From time to time reports are published about new bids to take over the course—perhaps, one day, one of these tales might come true. Ladbrokes, the bookmakers, rescued the Grand National meeting, and this year *is* the fourth of the company's seven-year lease. Ladbroke's will spend £250,000 this year to stage three days of racing — and mend the ravages of the other 362 days, too. Local motor club enthusiasts are allowed the use of the former grand prix circuit, though this has nothing to do with the Ladbroke arrangement.

Tradition

Liverpool, of course, has a great boxing tradition, producing such greats as Nel Tarleton and Ernie Roderick. Not so long ago, its famous venue, Liverpool Stadium, which had been in disuse for a decade, was refurbished (with some help from Mr. Moores) to provide the stage for local boy John Conteh to win the world light-heavyweight championship against Len Hutchins. Britain has produced few boxers of the calibre of Conteh, though his opportunities have not been all that frequent. The stadium also stages the grunt, grapple and grimace of professional wrestling.

Merseysiders are not just mere spectators, though. It is a great golf centre, and Southport alone has six courses, including world-famous championship links, Royal Birkdale. Then there is the Wirral Ladies' Club at Bidston — established, owned and run by women, quite a rarity!

For 5p a day there is coarse fishing at Wirrall Country Park, Thurstaston, but poorer anglers can shore-fish free from the Dee foreshore at Thurstaston and Caldy, and in the Mersey. Bet there are some strange catches.

Scattered about Merseyside are several sports and leisure centres, open 14 hours a day. For a bit more excitement, there are speedboats at Carr Mill Dam, St. Helen's. And, whatever goings-on there are at the transatlantic YMCA, at Liverpool's Mount Pleasant branch the fun centres around athletics, gymnastics, fencing, karate and judo. And, if that is not exotic enough, we shall have to settle for the sauna, Russian and artificial sun bath at the Picton Road Sports Centre.

James French

China's great leap in the dark

BY DAVID HOUSEGO, Asia Correspondent

IS CHINA OVER-REACHING ITSELF? U.S. ACADEMICS HAVE EXAMINED CHINESE GROWTH PLANS

CAN CHINA achieve its ambition of rapidly modernising its economy? Anybody searching the nearly 900 pages of a report prepared for the Joint Economic Committee of the U.S. Congress for a clear-cut answer to whether the new Chinese leadership has bitten off more than it can chew will be disappointed. There is not sufficient knowledge in the West of what in detail the Chinese intend and what their resources are.

The Congressional reports on the Chinese economy published roughly every three years are the closest that exists to a guide to Chinese economic performance and capabilities. Though a collection of individual essays by academics or members of the Administration, they draw heavily on the extensive data gathered by the CIA. The latest edition—The Chinese Economy Post-Mao* — has been long awaited for its assessment of the realism of the targets announced by Chairman Hua Guofeng (Hua Kuo-feng) to the Fifth People's Congress last February. With the establishment of diplomatic relations between China and the U.S., it becomes the more valuable as providing an American view of the potential of the China market in which the U.S. can now fully participate.

If no firm answers emerge—and in fact there is a great deal of contradictory evidence and conflicting opinion — certain broad themes do. There is agreement that China has not the resources to manage both the modernisation of its military and its economy. While China is well ahead of other developing countries in its ability to produce modern weapons, its equipment is still a generation or two behind that of other major military powers, including Russia. Spending on defence reached a peak in 1970-71 and then fell until 1975 as a percentage of GNP. Though production of military equipment has risen since then, the increase has been slower than the growth of industrial output.

If that is the pattern—and the meetings of the Central Committee in recent weeks would seem to have put more emphasis on modernising the economy rather than the military as the way to reduce China's vulnerability to Russia— then purchases of sophisticated hardware such as the Harrier jump jet would seem to be piecemeal efforts to strengthen the armed forces rather than a systematic attempt to overhaul them.

Such a pattern, however, runs counter to the equal priority given to defence alongside industry, agriculture and science as one of the four key areas of modernisation listed by Chou En-lai and which still officially guide the present leadership. Certainly in supporting Chairman Hua and Vice Premier Deng Xiaoping (Teng Hsiao-ping) against the radicals in the power struggles after Mao's death, the military were in part hoping that their reward would be the technological upgrading of the armed forces. The potential rivalry here between military and civilians is seen as one of the main areas of dispute that could disrupt the stability of post-Mao China.

Another point of consensus amongst the authors is that the major obstacle to rapid growth is the slow pace at which agricultural output has been increasing. That is underlined by the figures recently released by the Chinese which show that grain output in 1978, at 295m tons, was only 10m tons or 3.5 per cent above the 1977 level. Thus over the last four years grain output has risen on average by below 1 per cent a year or at a rate less than the growth of the population. This has been due to exceptionally bad weather but it occured in spite of a steady programme of irrigation, land levelling, extending the use of fertilisers and improving seeds. The recent rate is well below the 2.3 per cent average increase per year achieved between 1957-75.

As against this performance Chairman Hua in February announced a target for grain production of 400m tons a year by 1985 implying a 14m ton a year increase which is almost three times the rate achieved in the two decades after 1957. It is also a higher rate—an annual increment of 4.8 per cent—than any other major grain producer has sustained over a seven-year period.

On China's success in significantly raising its agricultural output, there hinges its ability to feed its population adequately and to cut grain imports. These were about 8m tons in 1978—causing a serious loss of foreign exchange that could otherwise have been spent on capital goods. The population is still rising by about 15m a year (the report estimates that China's population passed 1bn in mid-1978) and consumption is likely to increase with wage increases.

The importance of agriculture is also that it is a major source of raw materials for light industry through cotton, sugar and oils. Agricultural products account as well for about 37 per cent of export earnings. Indirectly agriculture is also a major source of government revenue. But the report's broad conclusion is that China is unlikely to achieve the goal of 4.5 per cent annual growth in agricultural production — set by Chairman Hua—as compared with the 2.3 per cent reached in the past.

Implicit in the goals for transforming industry—a projected growth of over 10 per cent a year of output until 1985 and the implementation of 120 mammoth projects—are China's needs for long-term finance from abroad. Chairman Hua made no mention of this in February. Most of the report was also prepared before the recent burst of orders for equipment, the leadership's open references to foreign borrowing, and the still muffled encouragement of joint ventures. But there is nothing in the report that foreshadows the scale and speed at which the Chinese have since moved on these fronts. Indeed, Professor Nicholas Lardy of Yale, who gives the most optimistic account in the report of China's ability to sustain a high growth rate, has since commented that the Chinese now risk taking on too much.

In the 1950s—the last time that the Chinese attempted a modernisation programme through buying foreign (then Russian) technology—40 per cent of total investment in equipment and machinery was based on imports. That share fell to 6 per cent during the 1960s. The highest estimate in the report of China's foreign technology purchases over the next eight years is about $30bn —compared with the $3bn spent between 1972-1975 when China began actively to turn to Western technology under Premier Chou En-lai. But that estimate seems already to have been well surpassed with China discussing equipment purchases of $40bn-$43bn over the next five years according to the China Business Review published in Washington.

As against this massive foreign exchange requirement, the report estimates (probably too conservatively) a growth of China's export earnings by from 6 per cent to "at least" 10 per cent a year. But it holds out little hope of substantial sales of oil and coal during the period, which are often cited as the fastest way for China to boost its foreign exchange revenues. This is so not because of any shortage of reserves of oil and coal. But the experience of both Russia and the U.S. has been that the technical and logistical problems of expanding energy production beyond 580 mmtce (million metric tons of coal equivalent) —a level that China will shortly reach — are so great as to slow down the rate of further growth. Moreover, a rising domestic consumption will leave little available surplus. Even allowing for sizeable foreign earnings from tourism or overseas remittances, China is therefore now confronted with the prospect of very substantial though still unquantifiable foreign debt.

A further reason for looking to long-term foreign finance — and almost inevitably joint venture risk capital — is China's lack of adequate investible funds. Investment as a proportion of GDP had risen by the early 1970s to the high level of 25 per cent or more. This was achieved largely through holding down consumption by rationing and by freezing wages. The new policy of incentives through bonuses and higher wages will inevitably pinch investment by raising consumption — though to some extent if incentives work higher productivity should rebound in more investment.

But unlike the position in the 1950s when investment was concentrated in heavy industry, there are now far more competing demands for investment funds—agriculture, agricultural equipment, transport infrastructure, consumer goods and higher outlays on welfare above all. Also, as China moves from the low technology Russian-designed equipment that dates from the 1950s to the sophisticated precision tools it is now seeking, its industry will become more capital intensive requiring higher investment per unit of output.

Some of the most valuable parts of the report are the studies of individual sectors of industry. They largely bear out what the Chinese say about the backwardness of their economy. China is currently short of electric power because of inadequate investment in the past in the power industry and the supporting fuel and rail transport sectors. To achieve Hua's target of 10 per cent growth of industrial output requires a 13 per cent expansion of generating capacity on the basis both of China's past performance and on the ratio that pertains in most developing countries between growth in output and growth in power. Mr. William Clarke, an experienced China specialist, sees scant possibility of the Chinese achieving this growth of generating capacity by 1980 either through their domestic power industry—technologically "more than 20 years behind" that of most industrialised countries—or through imported generating equipment because of the lead time involved in installation.

Achieving sufficient power beyond 1980 to sustain a 10 per cent growth rate of industrial output would require minimum purchases abroad of generating equipment of $300m a year which should already be under way. But there is little sign of China embarking on such a sustained import programme. By 1985 China would need a formidable annual increase of capacity by 12,500 megawatts—more than Russia planned to add in 1978. Thus the weaknesses of the generating industry alone would seem to rule out a sustained 10 per cent growth in industry.

The picture of the machine tool industry that emerges is equally one of a 20-year lag behind Western technology. The most common machine tool produced is the Russian designed C620 lathe dating from 1959. Production of numerically controlled machine tools and multi-axis tools is largely confined to single laboratory prototypes or small-batch output. In addition to this backlog of antiquated industrial stock in key sectors, there are other obstacles that the Chinese face—shortages of engineering and scientific skills that will enable them to absorb Western technology, problems of labour indiscipline, an inadequate transport structure.

On the positive side, the report points to the higher productivity that should result from increased incentives for workers, to improvements of factory management and the shift to more specialised production, to the possibilities of catching up through tapping the under-utilised capacity installed in the early 1970s, to the impact of new technology on production and of the new emphasis on technical training for China's vast reserves of manpower. But opinions sharply differ on what the outcome will be in terms of the growth of industrial output.

The most pessimistic view is that of Professor Robert Dernberger and Mr. David Fassenfast who believes that the rate could drop to 6-8 per cent a year over the next decade from the 9 per cent average that China recorded in 1957-75. (The CIA is currently undertaking a revision of China's GNP accounts which will appear as a companion volume to this study). At the other extreme Professor Lardy thinks that China might do better than a 10 per cent growth of industrial output. But seemingly drawing on revised GNP accounts, he puts China's long term industrial growth rate between 1952-73 at a high 12 per cent.

In any overall assessment of how realistic Hua's targets are, the major difficulty remains that the Chinese have never revealed the assumptions behind them. The completion of the 120 mammoth industrial projects that Hua announced in February would, for instance, imply a higher industrial growth rate than his projected 10 per cent. But what is clear from both the immensity of the targets and the zest with which China has been drawing on western ideas and technology is that they add up to an attempt to break loose from historical rates of growth by innovations not attempted under Mao.

On Professor Dernberger's calculations, Hua's long-term economic plan implies an annual growth of GNP by 8-9 per cent. This is not only substantially higher than the 5-6 per cent that China has achieved in the past but is well above the long-term rates for other large developing countries. The report is generally sceptical of China's ability to realise its aims. But should the Chinese succeed, then by the end of the century total GNP would be over half that of the U.S. and more than 70 per cent of the Japanese or Soviet level.

** Chinese Economy Post-Mao: A compendium of papers submitted to the Joint Economic Committee, Congress of the United States—Volume 1, 880pp, available from U.S. Government Printing Office, Washington.*

Letters to the Editor

Cross-Channel links

From the Treasurer, The Channel Tunnel Association

Sir,—As a known representative of a body and as an individual who also has no vested interest in any particular financial or engineering scheme then may I be permitted to add a few words to the correspondence about cross-Channel links?

My old professional adversary Mr. Wickenden (January 10) talks about ferries and capacities while conveniently forgetting goods traffic over a much wider area than just SE Kent to the Pas de Calais. Ferries, bridges, schemes with islands on the Varne (shades of 1802) completely ignore the overall benefits of reliability and sustained continuity, to say nothing of the considerable financial resource savings over a period running from the opening of a bored rail tunnel for about 90 years.

The 1970s works were cancelled by the Government due to union pressure based largely on ignorant emotion; the on-paper excuse was only the cost of (then) about £400m for a new high speed rail link from the tunnel portal/terminal area to London. As a direct result of that cancellation the beauties of the Kent countryside are being even more rapidly eroded due to increased road traffic which would have otherwise gone by rail.

We are physically a near-part of Europe and economically dependent on consolidated and expanded trade with it for future stability and increase in living standards. It's a hundred years since physical work started on constructing a Channel Tunnel and they were eventually ceased for military reasons which are no longer valid. The workings at that time not only showed that a tunnel could and should be built but they were so successful that many modern tunnels, including most of the Tube network, and the Mexican sewers are built with machinery based on designs of a century ago. New York and Chicago have sewers bigger than a Channel Tunnel, Japan is building successfully a longer tunnel through more difficult technical conditions and Europe has a reliable fast rail network. Isn't it time that for our own benefit we became part of it?

Alan R. Titchener.
310, High Holborn, WC.

By ferry to France

From Mr. D. Cobbold

Sir,—Mr. Wickenden's company (January 10) charges a couple with two children—one under 14—in a standard family car the extortionate sum of £48.10 for a single winter season Channel crossing. As a simple consumer with no other interest to declare, I enthusiastically support the tunnel/island concept of Sir Bruce White (January 4) and proposed Sir Freddie Laker as chairman of the operating company.

It is only when a London salesman can drive as easily to Lille as to Sheffield, and Dad can take Auntie for a Sunday afternoon run to Le Touquet that this island will become genuinely European.

A rail-only tunnel is an expensive ferry.

David Lytton Cobbold.
Knebworth House, Knebworth, Herts.

Costing a connexion

From the Chairman European Ferries.

Sir, — Mr. Donald Hunt (January 16) challenges my estimate of an out-turn cost of £2.5bn if the last Channel Tunnel proposals had come to fruition, describing my figures as inaccurate and flamboyant. If Mr. Hunt knew me as well as his letter seems to suggest he would be aware that I do not make public statements that cannot be substantiated.

Mr. Hunt rightly observes that the official consultants' estimate was of a 1980 out-turn of £850m. He does not reveal the assumptions behind that forecast. They were that: (a) inflation would average 7 per cent per annum between 1973 and 1980; (b) finance could be arranged over the same period at an average interest rate of 8.8 per cent per annum; (c) there was no increase in basic construction cost between 1973 and the start of full scale works; (d) building operations would be completed on time. (a) and (b) require no further comment except to say that neither, by a substantial margin, would have been achieved in the period 1973-1980.

So far as (c) is concerned Central Statistical Office figures show that basic construction costs has significantly exceeded other inflation indices. (d) requires a more subjective assessment but those who are regularly involved in major capital projects know the realities of life. A time over-run of 20 per cent is common even in minor works.

In 1974 I commissioned a sensitivity exercise estimating the out-turn cost of the tunnel assuming average annual inflation and interest rate of 10 per cent and 11½ per cent respectively, a 20 per cent increase in basic construction costs and a 20 per cent delay in the building period. This exercise produced an answer of approximately £1.5bn was published in "Accountancy" magazine in September, 1974, and has not been challenged since.

With the benefit of hindsight even these estimates are amusing. Take average inflation at 12½ per cent, interest at 14 per cent, basic construction cost increase of 25 per cent (all below actual figures) and the answer exceeds £2.5bn. There is nothing inaccurate or flamboyant about my figures. They represent a sober and realistic assessment of the project.

Most of the remainder of Mr. Hunt's letter was couched in the same vein and further comment is hardly appropriate. Two points, however, require to be answered. The first is the claim that tunnel tolls would be cheaper than ferries. Your correspondent has apparently overlooked that, according to the British Channel Tunnel Co. prices would have been 42.86 per cent higher than those of conventional ferries. I stress that the estimate is not mine—it came from those who were going to build and operate the tunnel.

Lastly, I am criticised for reproving those connected with civil engineering who publicly support capital projects without declaring their interest. We are told that to declare connection with a project is enough. That misses the point. To be connected with a project is not the same as being closely connected with an industry likely to benefit from it. My concern is to establish that members of the public may accurately assess the objectivity of views some of us express publicly. It cannot be right for business people to accept lower standards than those which are commonplace among politicians! I therefore repeat that I am a director of a company which runs cross-Channel ferries.

K. D. Wickenden.
European Ferries, 4th Floor, Trafalgar House, 11 Waterloo Place, S.W.1.

Trying to dial in Manchester

From the Sales Director, Sir James Farmer Norton and Co.

Sir,—I feel that no one who has not endured the new Manchester telephone books system can have any conception of the frustration it engenders.

Most Manchester businesses and certainly ours, deal with companies located throughout the Manchester area and the time wasted in deciding whether or not the company you are looking up is North East, North West or on the fringe of Central is quite ludicrous.

Remonstrations with the Post Office have merely produced figures for the savings it is allegedly making, but it is unfortunately impossible to quantify the costs incurred by the frustrated users.

In furtherance of its parsimonious attitude the PO also, in spite of promises made when the new system was introduced, will only distribute additional copies of the areas other than that covering one's own address, with great reluctance. My own company is still awaiting additional copies ordered last year for the remaining areas, which is hardly constructive, since as a centrally establishment we are constantly referring to the other three volumes.

One only hopes that sanity can be made to prevail once again as it did in London.

A. L. Stirling.
Adelphi Iron Works, Salford, Manchester.

Lead and scissors

From Mr. A. Abrahamson

Sir,—I had the same problem as J. E. Talbot (January 13) converting to metric letter weights.

My solution was to buy a piece of lead sheeting from a builders' merchant — 50-1,000ths thick, about 1 lb in weight—and cut it up into 1in strips. Easily done with an ordinary pair of scissors.

The steps required for ordinary letters are obtained by cutting the strips to the following lengths:

10 gram	28 mm
15 "	42 "
20 "	55 "
30 "	85 "
50 "	140 "
60 "	170 "

The figures are rounded off and sufficiently accurate to serve their purpose.

A. Abrahamson.
32, Hilltop House, Hornsey Lane, N6.

Weighing it up

From Dr. H. Rose

Sir,—Mr. Talbot (January 13) could have saved himself a lot of trouble. Anyone with a letter balance having a set of weights in ounces need not go to the expense of buying a metric set of weights.

It so happens that a decimal penny piece weighs approximately 4 grams and a 2p piece, 7 grams. Hence, to arrive at the most commonly used weight limits for letter post, all you have to do is to supplement the ounce weights with the two decimal coins in the following manner:

60 grams=2 ounces plus a 1p coin
100 grams=3½ ounces
150 grams=5 ounces plus a 2p coin

The error is very small.

Dr. Harold Rose.
38, Wood Vale, N10.

Government involvement

From Professor D. Myddelton

Sir,—Mr. J. H. Stevenson (January 5) points out how the Employment Protection Act has contributed to unemployment. It is by no means the only example of legislation leading to unexpectedly damaging results. Mere good intentions are hardly enough to justify Government interference: after all, those of us who advocate laissez-faire mean well, too!

Of course there is a vital role for Government in providing defence and law enforcement, collective goods (like public health), and assistance for individuals in temporary difficulty or who cannot look after themselves.

But many Government cations are harder to justify. For instance, if Governments really have been trying to maintain the value of the currency, then they have failed miserably. The pound has lost nearly three quarters of its value since Mr. Wilson first became Prime Minister in 1964. Substituting free competition in currency for Government monopoly is now probably the single most desirable economic reform.

Progressive taxation is intended solely to hurt the rich. Rates of income tax rising to 83 per cent on earned incomes (and 98 per cent on "unearned") do nothing whatever to help the poor. Indeed they make it harder for small businesses to survive and prosper, and thus harm the public by weakening the beneficial effects of competition.

Government spending on education, housing, health, and social security now amounts in total to practically one third of the national income. Most people pay by way of taxes for substantially all their own welfare benefits. But at what cost in restricted personal freedom of choice, in exclusion of competition and innovation, and in politically - determined rather than customer-oriented allocation of resources! Redistribution of incomes does not require that we continue to stagger along under a compulsory non-competitive welfare state bureaucracy. If desired, beneficiaries could simply be paid in cash out of tax revenue.

Governments pretend to oppose monopoly; but under Elizabeth II, as under Elizabeth I, most monopolies are Government-created and Government-protected. Just imagine what a few more Freddie Lakers might do in health, education, and pensions if only they were allowed to try!

British Steel and British Leyland illustrate that where nationalised industries have to face competition they don't succeed. (Not that most nationalised industries even have adequate criteria of success or failure.) British Airports Authority recently allowed the country's main airport to be virtually out of action for days.

Everywhere one sees examples of Government interference causing damage: council house rules hindering mobility of workers; rent controls limiting the supply of houses and flats for rent; privileged exemption from the laws of contract allowing trade unions to interrupt the supply of goods and services almost at will; price controls distorting the information available from market signals; exchange controls (maintained despite treaty obligations) restricting investment even within the EEC; etc., etc.

When laissez-faire was (more or less) tried in this country, for about a century, it enabled a vastly increased population to enjoy a quadrupled real national income per head, with widespread political and economic freedom. It was so amazingly successful that it surprised even its own advocates. The same thing could happen again.

The gentlemen in Whitehall don't know best; and some of them are finally beginning to realise it. How long will it take before well-meaning politicians reconsider their prejudices and realise it, too?

D. R. Myddelton.
Cranfield School of Management, Cranfield, Bedford.

Buying stock

From Mr. E. Jefferies

Sir,—Mr. Gunson (January 13) will find that it is cheaper and simpler to purchase Government Stock if he goes to his local post office for an application form and an addressed envelope, and sends them with his cheque or—better still—with his National Savings Bank ordinary account book. His purchase of £120 worth of stock will attract a commission of £1, and in 1977 it would have been exactly the same. The interest on Government Stock bought in this way is paid gross, and selling the stock is correspondingly simple and cheap.

Edward Jefferies.
Post Office House, West Linton, Peeblesshire.

Today's Events

GENERAL

Mrs. Margaret Thatcher, Opposition Leader, addresses West Scotland Conservative area council at Glasgow City Hall.

Mr. William Rodgers, Transport Secretary, talks to Braintree Labour Party at Witham, Essex.

Mr. Anthony Wedgwood Benn, Energy Secretary, speaks at annual dinner of Cirencester Labour Party, Tewksbury, Glos.

Mr. Roy Hattersley, Prices Secretary, speaks at Yeovil Labour Party annual dinner.

Dr. Chedly Ayari, president of the Arab Bank for Economic Development in Africa, Khartoum, speaks at London Chamber of Commerce on Arab co-operation in African development.

Mr. Tran Hoan, Vietnamese Ambassador, visits Manchester Chamber of Commerce.

Sen. Felipe Gonzalez, head of Spanish Workers' Socialist Party, in London as guest of UK Labour Party, sees Prime Minister and Foreign Minister.

UNIFIL peacekeeping mandate ends in Lebanon—French troops plan to withdraw.

Photography at Work Exhibition opens at Wembley Conference Centre (until January 22).

OFFICIAL STATISTICS

Department of the Environment publishes new construction orders for November.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bills.

COMPANY RESULTS

Final dividends: Dewhurst and Partner. Interim dividends: Cray Electronics. Interim figures: Ferguson Holdings (third quarter figures).

COMPANY MEETINGS

Bellway, Royal Station Hotel, Newcastle upon Tyne, 11.30.

Berisford jumps 33% to £31.4m at year end

A PRE-TAX profit increase of 33 per cent is announced by S. and W. Berisford for the year to September 30, 1978. Profits jumped from £23.57m to a record £31.36m on turnover up from £1.26bn to £1.34bn.

At the half-way stage the group had raised taxable profits from £11.64m to £13.65m.

Mr. E. S. Margulies, chairman, says despite difficult trading conditions in certain areas, the company achieved record levels of turnover, profits and earnings for the twelfth successive year. He adds that they are dedicated to ensuring that this growth continues.

The group's overall liquidity has increased, as have overall facilities, and they go into the new year in a stronger and healthier position than ever before in the company's 128-year existence.

Mr. Margulies adds that several significant acquisitions were made last year, and more have been and will be completed in the current year. In addition, There are many areas, particularly in commodities, where the group still has interesting possibilities for inherent growth by expansion into new fields.

The final dividend of 2.68125p net per 25p share makes a total of 4.60625p, compared with an equivalent 4.125p. Stated earnings per share are up from 28.74p to 33.11p

Attributable profit comes out at £26.57m (£20.13m) after tax of £3.71m (£2.81m), minorities of £1.07m, against £668,000, and an extraordinary debit of £21,000, compared with a credit of £36,000.

See Lex

HIGHLIGHTS

The rise of almost 50 per cent in **Grand Metropolitan's** pre-tax profits exaggerates the underlying improvement because of the loan stock conversion, but the group has still performed very well. **S. and W. Berisford** has produced a 30 per cent increase in profits and continues to trade very profitably in commodities though conditions were not ideal by the year end. Full details have been released of the proposed merger of **Sedgewick Forbes** with **Bland Payne** and an associated part disposal by **Midland Bank**. Finally **Lex** analyses monetary developments in the UK in general. Elsewhere **Brentnall Beard** has produced a £1½m turnround into the red while **Stone-Platt** makes a surprise forecast indicating a sharp drop in profits. **Dixons Photographic** shows higher profits despite the problems of Westons and **BET** reports a 19 per cent half time increase. Also the prospectus is published in connection with **Arlen.**

Stone Platt profits warning

FOLLOWING LAST September's estimate that profits of Stone-Platt Industries for 1978 were unlikely to reach the 1977 level, the directors now say that pre-tax profit is expected to be in the £9m to £10m range against £14.8m from sales of about £192m compared with £176m.

It is intended to recommend a final at the same rate as the previous year's 1.33p and this, with the interim of 2.72531p (2.28358p), will make the maximum permitted for the year.

Profits for the first six months of 1978 amounted to £4.31m against £6.04m on sales of £88.99m compared with £86.15m.

The board states that at the interim stage it was pointed out that sales and profit for the year would largely deepnd on level of year-end shipments and that movement in sterling-dollar exchange rate would have a significant impact.

In the event, certain expected shipments were not made and movements in the sterling-dollar exchange rate were adverse. These problems arose mainly in Platt Saco Lowell have to contract in U.S. dollars in certain overseas markets. With the dollar weaker against the pound in 1978 than in 1977, margins have been put under considerable pressure, and profit in this division has been *significantly* reduced.

In addition, changes in exchange rates reduced sales and profit of overseas company's expressed in sterling, the directors say.

● comment

Stone-Platt's unhappy announcement coming as it does more than two months before the official figures are due to be released, is an unprecedented move for the company. Internal management accounts were showing that the company was not going to achieve anything like the £13m profit the market was expecting and the directors were obviously feeling very uncomfortable about sitting on such price-sensitive information. So, to forestall any possible criticism, they have made a forecast, which could mean a profits downturn of between 32 per cent and 39 per cent for the year. Last night the shares closed 5p lower at 105p. Clearly, any further weakness in the dollar will continue to aggravate the situation but, with so many intangibles, it is impossible to judge the prospects. However, while the world recession in textile machinery continues, orders are showing some improvement. Assuming a £10m outcome, the shares are on a prospective p/e of 7.9 while the yield is 5.7 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Associated Paper	2.68	Mar. 21	1.8	3.48	2.9
S. and W. Berisford	2.68§	Apr. 6	2.38*	4.61	4.13*
Brentnall Beard	Nil	—	0.75	0.57	1.28
Brit. Elec. Traction ...int.	1.86	Apr. 6	1.69	—	5.78
Corn Exchange	1.13	Apr. 2	1.01	2.23	2
T. Cowie	1.65	Mar. 8	1.04	2.27	1.7
Denbyware ...int.	2.11	Mar. 30	2.11	—	5.42
Dixons Photo ...int.	1.01	Feb. 27	0.91	—	2.42
E. Daggafontein	Nil	—	Nil	Nil	20
Gelfer ...int.	1.4	Apr. 11	1.2	—	2.65
Grand Metropolitan	2.99†	Apr. 23	2.65	4.74	4.25
Jones Stroud ...int.	2	Apr. 6	1.6	—	4.67
Lincroft Kilgour	2.4‡	Apr. 11	2.14	3.9	3.5
London Montrose ...int.	2¶	Apr. 3	1.25	—	5.9
Mackinnon of Scotland	1.84	Mar. 14	1.65	1.84	1.65
Provincial Cities ...int.	0.64	Mar. 7	0.58	—	1.48
Sedgwick Frbs. 2nd int.	6.7‖	Mar. 9	6.09	10.7	9.59
SA Land	25	Mar. 9	Nil	25	Nil
Southvaal	57	Mar. 9	21	57	21
Utd. Guarantee	0.2	—	0.18	0.2	0.18
Vaal Reefs	180	Mar. 9	60	280	115
Warner Estate	1.57	Mar. 8	1.36	2.97	2.66
Wellman	1.27	Mar. 9	1.15	—	2.4
Western Deep	82.5	Mar. 9	47.5	147.5	82.5

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes 0.035p following tax change. § Includes 0.02912 following tax change. ¶ As forecast—second interim of not less than 4.45p already anticipated. ‖ Prior to merger.

Wellman falls to £339,000 at halfway

A fall in first-half pre-tax profits, from £549,475 to £338,970, is reported by Wellman Engineering Corporation.

The Board warns that the outcome for the year is uncertain. It adds that it is impossible to predict the amount of damage already caused by the current wave of strikes.

As previously, the second half will be better than the first, say the directors, but it will not equal last year's results. For the whole of last year the group turned in taxable profits of £1.55m on £17.86m turnover.

They add that apart from a generally difficult trading climate, problems have arisen in two particular areas.

First Wellman Ferrous Processors, after successful trials as an experimental unit, suffered losses as a production unit. This was mainly due to disruption in the motor industry, and production has been closed down.

Second, there has been a lack of demand for Wellman Alloys' products. This has forced the company to implement a costly redundancy programme, designed to ensure its return to profitability, when the market recovers.

In the past, the associate company, Wellman Incandescent India, has suffered losses in the first half. It has, however, forecast that profits for the full year will be comparable to the previous year.

As an expression of confidence the Board has declared the maximum permitted dividend of 1.265p net per 25p share, compared with 1.15p. Last year's total was 2.396p. Stated earnings *per share are down from 3.3p to* 1.6p.

● comment

Trading losses totalling £100,000 at Wellman Ferrous Processors plus redundancy payments resulting from lay-offs by Wellman Alloys have eaten into the *Wellman Engineering's* first-half figures. A further £100,000 or so will be knocked off the second half because of the cost of closing down Wellman Ferrous. Also there could be some further redundancy payments at Wellman Alloys. But the lay-offs, made necessary by the poor demand for stainless steel products, will mean that the subsidiary could reach break even again by about the year end. The contracting companies and the grey iron foundry reported better results in the period while the manufacturing companies were about level with last year. Order boks are healthy but the transport strike is taking its toll. The group looks set for a final figure around the £1.1m mark and the shares, which closed at 45½p yesterday, are on a prospective p/e of 9.4 and a yield of 9 per cent.

Grand Met surges £38.4m to reach peak £115.9m

FOLLOWING A £16m rise to £43.16m at midway, Grand Metropolitan ended the September 30, 1978, year with pre-tax profits well ahead from £77.53m to a record £115.94m, on external sales of £1.85bn compared with £1.64bn.

Tax takes £32.85m (£23.78m) giving net profits up from £53.75m to £83.09m, with the attributable balance, before extraordinary items, higher at £81.78m against £52.2m.

Stated earnings per 50p share are 18.5p, compared with 13.1p diluted to reflect the conversion of 10 per cent convertible unsecured loan stock in March, 1978. This greatly reduced loan stock interest for the year—down from £12.23m to £0.72m.

A final payment of 2.9928p net raises the total from 4.2473p to 4.7428p, equivalent to 7.0788p (6.3754p) gross and covered 3.9 (3.1) times on the increased capital following conversion—dividends absorb £20.96m (£12.89m).

A divisional breakdown of (£126.59m), shows (in £000s):—sales and trading profit, £147.54m hotels, entertainment, catering and managed public houses £475,646 (£413,941) and £46,728 (£37,100m;) milk and food £404,342 (£371,992) and £19,569 (£15,954); brewing and distribution including soft drinks 405,851 (£353,206) and £42,941 (£38,850); wines and spirits £345,12 (£317,714) and £25,356 (24,944); betting and gaming 219334 (£183,890) and £12,944 (£9,737).

The directors report that improved results for milk and food were maintained in the second half, although trading margins in milk and milk-based commodities continue to be inadequate.

A good performance by UK and Belgian brewing was offset to some extent by difficult trading conditions in Germany.

Soft drinks operations were enlarged following the acquisition of a majority holding in Cantrell and Cochrane (GB), but the effect of this on brewing and distribution was limited by poor summer weather.

Better results in the group's wine and spirit companies were largely offset by the impact of exchange rate movements on overseas activities.

Freddie Mansfield

Mr. Maxwell Joseph, chairman of Grand Metropolitan—Full year profits up from £77.53m to £115.94m

All other trading activities have also shown major improvement, they state.

	1977-78 £000s	1976-77 £000s
External sales	1,850,285	1,640,741
Trading profit	147,538	128,585
Associates' share	4,121	2,968
Loan stock interest*	716	12,230
Other interest	35,008	39,790
Profit before tax	115,936	77,533
Tax†	32,850	23,781
Net profit	83,086	53,752
To minorities	823	1,074
Pref. dividends‡	481	481
Attributable ord.§	81,782	52,197

*On 10 per cent unsecured loan stock—formerly convertible.
†Cmprises charge on previous deferred tax policy, £39,172,000 (£39,152,000) less deferred tax no longer provided £26,322,000 (£15,371,000). ‡Of parent company. §Before extraordinary items.

Net extraordinary charges for the year are estimated at £4.28m, mainly reflecting exchange differences arising from the fall in the Canadian dollar and the strength of the Swiss franc (some £23m of Swiss franc borrowings were refinanced in other currencies in June).

Foreign currencies were converted to sterling at the rates *ruling at the end of each group* accounting year.

Expenditure on fixed assets rose from £58m to nearly £80m and the net cash surplus for the eyar after all investment and dividends is estimated at nearly £10m.

The group's only major change of accounting policy in 1978 was the treatment of deferred tax on UK profits, which is now provided on short-term timing differences only. Comparisons are adjusted.

See Lex

Jones Stroud to finish well ahead

REPORTING TAXABLE profits ahead from £1.17m to £1.41m for the half year to September 30, 1978, the directors of Jones Stroud (Holdings) say the full-year figure should comfortably exceed the record £2.41m of 1977-78.

Six months' turnover rose from £11.99m to £14.1m, with profits subject to tax of £513,000, against an adjusted £304,000 to take account of the change in accounting policy re deferred tax.

Stated earnings, before extraordinary debits of £210,000 (£47,000 credits), were 9.58p (9.86p) per 25p share. The interim dividend is lifted from 1.6p to 2p net, while "B" holders receive 0.5p (0.4p)—last year's final was 3.067p.

T. Cowie 35% rise to £1.9m

GOOD PROGRESS in all its activities enabled T. Cowie, motor vehicle dealing and hire purchase group, to expand pre-tax profit by more than 35 per cent from £1,402,000 to a record £1,904,000 for the year to September 30, 1978. Sales rose £15.2m to £52.26m.

Following the growth from £510,000 to £704,000 at midway, the directors said the second six months had started well but momentum would largely depend on the availability of vehicles.

Tax with the deferred element treated along the lines of accounting standard No. 15, was £199,000 (£176,000), leaving net profit at £1,705,000 (£1,226,000). Earnings per 5p share improved to 14.38p (10.64p) and a net final dividend of 1.5458p (1.0444p) subject to Treasury approval, takes up 33.3 per cent to 2.2718p (1.7044p) which costs £231,000 (£163,000).

Profit was struck after interest of £1,034,000 (£909,000).

● comment

Once again T. Cowie has not disappointed the market, although the 36 per cent increase in pre-tax profits includes a contribution of £180,000 from the sale of the company's once-strategic stake in Colmore Investments. Cowie, however, has not missed the opportunities provided by booming car sales and a reasonable level of interest rates. This second factor is vital to the increasingly important HP and finance division which has turned in profits of £460,000 (£350,000). The benign influence of cheap money, however, has not continued and this year seems likely to suffer from higher costs. On the vehicle side, where Cowie has dealerships covering just about every manufacturer, the same pattern is apparent. In the year just ended all franchises recorded bigger contributions to profits, but the now finished Ford strike and the current lorry drivers' dispute will affect sales in 1979. Cowie says forward orders are excellent but the problem is getting adequate supplies from the factories. First quarter profits are unchanged but even if the industrial relations outlook brightens, the full year is not likely to show a significant improvement. Meanwhile, further additions to the group's wide range of dealerships should continue. At 49p the p/e is 3.3 and the yield 7.1 per cent. Despite the difficulties, the shares have further scope for growth.

Sedgwick Forbes aims to pay near double after proposed merger

IF THE proposed merger of insurance brokers Sedgwick Forbes Holdings ,and Bland Payne Holdings go ahead as planned, the enlarged group would expect to pay a dividend of 5p, equal to 20p on the existing share base. This would be almost double the total Sedgwick Forbes will be paying for 1978.

The rapid growth achieved by the two companies in the past few years continued during 1978. At Sedgwick Forbes taxable profit for the year was ahead from £23.2m to in the region of £25m, the directors estimate. This leaves attributable earnings ahead to £11.4m (£8.8m) equivalent to 37.3p on the existing share base.

The joint accountants' report prepared for the merger indicate that the pre-tav surplus at Bland Payne reached £25.9m for the year to the end of September, for an attributable total of £11.9m.

According to an outline of the merger plans published by the directors of the interested parties yesterday, these figures would give an attributable profit for the enlarged group for 1978 of £22.45m representing 10.7p share on the enlarged capital and *following* the proposed three-for-one scrip issue.

"The immediate outlook for the two companies, however, must be judged against the recent weakness of the dollar, together with the uncertainties in the current world economic situation, and the realignments that are or may be occurring between UK and U.S. brokers.

Nevertheless, the directors of Sedgwick Forbes and Bland Payne believe that, "in the longer term, the new group will have a greater growth potential than would have been possible had each business continued to operate independently," they state.

The merger is to be effected by Sedgwick Forbes buying Midland Bank's total interest in Bland Payne for £15m cash and 22m ordinary shares, putting a value on Bland Payne of £98.6m.

The bank's interest includes the 20 per cent minority holding in Bland Payne Brokers Holdings which it has agred to buy from Marsh and McLennan Companies Inc. for £15.7m.

The deal is conditional on Sedgwick's members approving the increase in authorised capital at a general meeting on February 12, 1979.

Following the merger the enlarged group will emerge as Sedgwick Forbes Bland Payne Group and a three-for-one scrip issue would be made.

The proposed dividend of the new group, which has been assured Treasury clearance, would include a 2p interim to be paid on October.

So that Sedgwick's existing shares will be listed "ex dividend" by th etime the new shares are issued, the directors are to pay a second interim dividend, in lieu of a final dividend, in respect of 1978 on March 9, 1979, to shareholders of Sedgwick Forbes.

An interim dividend of 4p net per share was paid in October, 1978, and the maximum permitted second interim dividend is 6.7p net, giving a total dividend of 10.7p net per share compared with 9.59p net per share.

On the basis of Bland Payne's unaudited 1977-78 surplus, the profit attributable to Midland Bank (after deducting MMC's 20 per cent minority interest, amounts to £10m.

Allowing for the net proceeds of the offer for the cash portion of the deal and the amount payable to MMC, and after providing £1.4m for estimated tax, the resultant net consideration to Midland Bank of £79.8m.

The transactions will increase the consolidated net tangible assets of Midland Bank from £709.7m to £765.4m.

As a result of the deal substantial funds will be released to the bank for employment elsewhere.

The proposals involve Midland Bank selling to Sedgwick, directly and indirectly, the whole of the capital of Montagu Trust, Bland Payne's immediate holding company. If the merger takes place, Montagu Trust will repay on October 15, 1979, the outstanding US$9.37m 9¼ per cent bonds due 1985, at the price of 101¾ per cent, plus accrued interest. In due course the name of the trust Limited will be changed.

Application has been made for the suspension of dealings in the Sedgwick Forbes shares to be lifted and it is expected that dealings will start on January 22, 1979.

TRIDENT TV

Profits before tax of Trident Television rose from £7.62m to a record £9.0 m for the September 30, 1978 year. In Wednesday's report, the figures were incorrectly stated as £9.92m. (£7.16m).

After tax of £4.65m (£4.01m), minority losses of £23,000 last time, and extraordinary credits of £906,000 (£462,000 debits), attributable profits increased from £3.17m to £5.27m.

NEW LIFE BUSINESS

Hambros Life passes £1bn mark

A VERY successful year in 1978 is reported by Hambro Life Assurance, a leading linked-life assurance company, with new sums assured passing the £1bn mark for the first time. These rose by 41 per cent over from £730m in 1977 to £1.03bn last year.

New annual premiums last year advanced by 41 per cent from £23.6m to £33.2m and single premiums were 40 per cent higher at £57.3m against £48.2m in 1977. But new initial commissions paid, which the company itself regards as the best indicator of the value of new business, rose by 45 per cent from £11.3m in 1977 to £16.4m last year.

Hambro Life also achieved two other notable landmarks in its operations last year. The number of new policies issued passed the 100,000 mark amounted in total to 108,000. And the total premium income from regular premium contracts, both new and existing, crossed the £100m mark rising by 35 per cent from £77m in 1977 to £104m in 1978. In all the premium income of the company last year amounted to £171m against £125m in the previous year.

Overall, the increase in business in 1978 was evenly spread between the main classes, with annual premium assurances, single premiums and individual pension plans (both executive and self-employed) rising by more than 40 per cent.

But the greatest success was recorded in sales of the Hambro Whole Life Plan where sums assured were 152 per cent higher than in 1977.

Total assets of the company rose by 26 per cent over the year from £546m at the beginning of 1978 to £689m at the end. The property fund proved very popular with new bond holders, with twice as much being invested in the property fund as in the managed fund. But with regular premium contracts, investors last year tended to go for the managed fund, a mixed fund of equities, property, and fixed-interest with the company varying the proportions according to its view of market conditions.

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These particulars are given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information to the public with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Application has been made to the Council of The Stock Exchange for the Ordinary shares of 25p each of the Company to be admitted to the Official List.

A copy of this document, having attached thereto the documents specified below, has been delivered to the Registrar of Companies for Registration.

A placing by Harris, Allday, Lea & Brooks of 252,500 Ordinary shares of 25p each at 50½p per share

This document has been prepared on the footing that the acquisition by the Company of the shares in EFA and related transactions, except the issue of any "Further Consideration" (see paragraph 3 below), have been completed. The proposed Directors have been appointed Directors contingently upon the completion of the acquisition and in this document the expression "Directors" includes the proposed Directors.

Definitions: In this document the following abbreviations are used:

"the Company"	Arlen Electrical Limited (formerly Enalon Plastics Limited)
"EFA"	Electronic & Fluorescent Accessories Limited
"the Enalon Group"	the Company and its subsidiaries immediately before the acquisition of the shares in EFA
"the EFA Group"	EFA and its subsidiaries
"the Enlarged Group"	the Enalon Group and the EFA Group

ARLEN ELECTRICAL LIMITED

(Formerly Enalon Plastics Limited)

(Registered in England under the Companies Act 1929—No. 414086)

Share Capital

Authorised		*Issued and fully paid up*
£1,000,000	in 4,000,000 Ordinary shares of 25p each	£660,000

At the close of business on 20th December, 1978, the Enlarged Group had outstanding indebtedness of £1,029,861, of which £474,931 was secured bank indebtedness, £377,246 advances against discounted bills and £177,684 hire purchase debts. Save for mortgages to secure that indebtedness and save for intra-group transactions, no company in the Enlarged Group had outstanding on that date mortgages, charges, debentures or other loan capital or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptances or acceptance credits, hire purchase commitments or any guarantees or other material contingent liabilities.

Directors

LEONARD CHARLES REDFERN (Chairman and Joint Managing Director),
Harwood Lodge, Ercot Lane, Ipsden, Oxford.
21 Helenslea Avenue, London, N.W.11.
ARTHUR DAVID LEVY (Joint Managing Director).
MICHAEL ALAN SILVERMAN, F.C.A. (Deputy Managing Director),
81 Alric Avenue, New Malden, Surrey.
ALAN GEORGE RAGGETT (Marketing Director),
Bryber, Fielden Road, Crowborough, Sussex.
NEVILLE JOHN TESTER (Manufacturing Director),
Horseshoe Cottage, Clayhill, Lamberhurst, Kent.
TERENCE LESLIE BAYLIS, F.C.A. (Financial Director),
8 Scotts Way, Tunbridge Wells, Kent.

Financial Advisers: ENERGY, FINANCE AND GENERAL TRUST LIMITED, Dauntsey House, Frederick's Place, Old Jewry, London, E.C.2.

Brokers to the Enlarged Group: HARRIS, ALLDAY, LEA & BROOKS, Warnford Court, Throgmorton Street, London, E.C.2 and The Stock Exchange.
Brokers to the Enalon Group: GREENE & CO., Finsbury House, 22 Blomfield Street, London, E.C.2 and The Stock Exchange.
Bankers to the Enalon Group: BARCLAYS BANK LIMITED, 8/9 Hanover Square, London, W.1.
Bankers to the EFA Group: COUTTS & CO., 10 Mount Street, London, W.1.
Solicitors to the Enalon Group: RICHARDS BUTLER & CO., 5 Clifton Street, London, E.C.2.
Solicitors to the EFA Group: CLIFFORD-TURNER, Blackfriars House, 19 New Bridge Street, London, E.C.4.
Auditors to the Enalon Group and Joint Reporting Accountants: ERIC NABARRO & CO., Chartered Accountants, 3/4 Gt. Marlborough Street, London, W.1.
Auditors to the EFA Group, proposed Auditors to the Enlarged Group and Joint Reporting Accountants: LUBBOCK FINE & CO., Chartered Accountants, 3/5 Bedford Row, London, W.C.1.
Registrars and Transfer Office: MOUNTHALL REGISTRARS LIMITED, Ashcombe House, Godalming, Surrey.

Secretary and Registered Office: T. L. BAYLIS, F.C.A., 3/5 Bedford Row, London, W.C.1.

1. INTRODUCTION

On 14th December, 1978 the Company entered into a conditional agreement for the acquisition of the whole of the issued share capital of EFA, together with the minority shares of two partly owned subsidiaries of EFA, from Mr. A. D. Levy, Mr. L. C. Redfern and their wives ("the Vendors"). In view of the substantial nature of the acquisition in relation to the Enalon Group, the Council of The Stock Exchange had, at the request of the Directors of the Company, suspended the listing of the Company's Ordinary shares on 25th September, 1978 pending the completion of the acquisition.

The acquisition was approved by the Company in general meeting on 8th January, 1979 and is now conditional only upon the Council of The Stock Exchange admitting the Ordinary shares in the Company to the Official List.

2. HISTORY AND BUSINESS

(i) The Enalon Group

The Company was incorporated on 1st July, 1946 to acquire the business of Mr. L. F. Moore, which had been founded in 1934. In 1970 the Company was granted a listing on The London Stock Exchange.

Throughout its history the Enalon Group has been engaged in the manufacture of plastic components by various production methods, including injection moulding, vacuum forming and stamping. The Company has been principally involved in the electronics, telecommunications, textile and pyrotechnics industries.

In recent years the Company has concentrated on the development of its injection moulding and tool room facilities.

(ii) The EFA Group

The EFA Group is engaged in fields of operation which complement and expand the traditional markets of the Enalon Group. The Enalon Group and the EFA Group have traded together over a number of years.

The major trading companies in the EFA Group are:—

EFA

This company has an excellent range of products for the fluorescent lighting industry. Its products include starter switches, fluorescent accessories and control gear as required by most leading UK lighting manufacturers.

British General Manufacturing Co. Limited ("BG")

This company produces a wide range of electrical wiring accessories.

Kupfer International Limited

This company handles the export sales of the EFA Group's products and also represents other manufacturers through agents and distributors abroad.

F.W.M. Plastics Limited ("FWM")

In November, 1978 EFA acquired this company, which had recently acquired a business which has been for many years engaged in the manufacture of accessories for EFA and BG. Its facilities consist of plastic moulding, assembly and design. FWM also produces trade mouldings for industry.

Arlen Leasing Limited

This company has recently commenced leasing plant and vehicles both to outside customers and the EFA Group.

The EFA Group's management has been successful in developing and marketing an excellent range of products and in expanding its list of customers. In the last five years, the EFA Group's turnover has risen from £2.9m to £5.8m and trading profits from £163,000 to £336,000. Both these figures have been consistently rising, save for 1976 when the EFA Group, in common with the rest of the industry, suffered from lower turnover and profit caused largely by pressure on margins resulting from the delayed effects of the trading recession which followed the "*three-day*" week.

By merging the various operations of the Enalon Group and the EFA Group, all the activities will be extended and this will enable the further development of the Enlarged Group. This will bring about a greater utilisation of the Enalon Group's facilities, in particular the moulding plant and tool shop and the assembly department. The technical and design departments will be strengthened by the co-ordinated expertise of similar operations at other Group locations. The Enlarged Group's trade mouldings business will benefit from the greater flexibility offered to customers by harnessing the Tonbridge and FWM's Folkestone moulding facilities.

As a result of this merger there will be greater opportunities for employee progression and it is hoped the expansion of the Enlarged Group will lead to increased profitability.

3. TERMS OF THE ACQUISITION OF EFA

The consideration for the acquisition of EFA takes the form of an *initial* issue of shares on completion in January 1979 ("the Initial Consideration") and a possible issue of a further number of shares based on the profits of the EFA Group for the year ending 30th June, 1979 ("the Further Consideration").

The Initial Consideration is £1,000,000 satisfied by the issue (credited as fully paid) of 2,000,000 new Ordinary shares of 25p each in the Company (valued at 50p). The *middle market quotation based on* The Stock Exchange Daily Official List on 22nd September, 1978 (the last dealing day before the announcement that discussions for the acquisition of the EFA Group were taking place) was 50p per share.

The Further Consideration will become payable if the consolidated profits of the EFA Group (after deducting all charges, except tax, and excluding extraordinary items and after adjusting the results of FWM so as to include the annual equivalent of its results for the period from 20th November, 1978 to 30th June, 1979) for the year ending 30th June, 1979, exceed £400,000. The Further Consideration will be satisfied by the issue (credited as fully paid) of one Ordinary share for every 15p of the profit (before tax) of the EFA Group falling within the band from £400,000 to £490,000 (i.e. a maximum of 600,000 shares, valued at £300,000).

A maximum total of 2,600,000 Ordinary shares will therefore be issued in satisfaction of the Initial Consideration and the Further Consideration. These shares will rank pari passu with the existing Ordinary shares in the Company, save that they do not rank for the final dividend in respect of the financial period ended on 30th September, 1978 and the shares constituting the Further Consideration will not rank for any dividend payable in respect of the financial period ending on 30th June, 1979. The Vendors have also waived payment of any dividend, in excess of £1 on each holding, on a total of 1,817,500 Ordinary shares for any financial period ending on or before 30th June, 1980 (see contract no. (vii) summarised in paragraph 11 (v) (a) below).

Harris, Allday, Lea and Brooks ("HALB") have agreed to place with various individuals, some of whom are associates of the Vendors, at a price of 50½p per share, a total of 252,000 Initial Consideration shares, including 70,000 shares to be sold under the placing subject to the waiver of dividend mentioned above ("the First Placing"). Mr. M. A. Silverman will be acquiring 40,000 shares under the First Placing. It is the intention of the Vendors to ask HALB to place such Further Consideration shares ("the Second Placing") so that Mr. A. D. Levy, together with his wife, and Mr. L. C. Redfern, together with his wife, will each hold 1,000,000 Ordinary shares.

4. PROFITS, PROSPECTS AND DIVIDENDS

The present accounting dates of the Enalon Group and the EFA Group are 30th September and 30th June respectively. It is intended that the accounts of the Enlarged Group should be made up to 30th June, 1979 and each subsequent 30th June.

The Directors of the Company estimate that, in the absence of unforeseen circumstances and on the basis of the assumptions set out in paragraph 10 below, the consolidated profits (before tax) of the Enalon Group for the 9 months to 30th June, 1979, will be not less than £30,000 and the Directors of EFA similarly estimate that the consolidated profits (before tax) of the EFA Group for the 12 months to 30th June 1979, will be not less than £394,000, of which approximately £164,000 will represent profits of the EFA Group for the period before the date of acquisition by the Company and will therefore not be available for distribution to the shareholders of the Company. The total forecast profits (before tax) of the Enlarged Group for the period to 30th June, 1979, will be £424,000, which is equivalent to an annual consolidated profit (before tax) of £460,000.

On the basis of this profits forecast of £424,000, the Directors expect to recommend a final dividend in *December, 1979* of 4.5p net per share (6.716p gross). The Vendors have given the Company dividend waivers in respect of 1,817,500 Ordinary shares in the Company. In the event of dividend restraint being continued after 31st July, 1979, the Company will make appropriate application to HM Treasury for authority to honour the above commitment. Any proposed dividend for the year ending 30th June 1980, would be made in the light of the future trading results of the Enlarged Group and conditions at that time.

The following table summarises the profit forecast of the Enlarged Group and appropriation thereon

		Combined Profit Forecast to 30th June, 1979 £'000		Annual Equivalent £'000
Profit before tax:				
Enalon Group (9 months)		30		40
EFA Group		394		420
Enlarged Group		424		460
Less Taxation at 52 per cent.		220		239
Profit after tax		204		221
Less: Pre-acquisition Profit of EFA Group	164			
Taxation thereon	85			
		79		—
Available for dividend		125		221
Deduct: Dividends of 4.5p per Ordinary Share	119		159	
Less Amounts in respect of which waivers have been given	82		109	
		37		50
Profit retained		88		171

5. DIRECTORS AND EMPLOYEES

Mr. L. C. Redfern, Mr. A. D. Levy and Mr. M. A. Silverman, who are executive directors of EFA, have been appointed Directors of the Company contingently upon the completion of the acquisition of the shares in EFA.

Mr. L. C. Redfern, who is 63, is to be Chairman and Joint Managing Director. He has been actively involved with the U.K. lighting industry for many years, having been joint managing director of EFA since 1971.

Mr. A. D. Levy, who is 42, is to be Joint Managing Director. He has been involved with EFA for twenty years and has been its other joint managing director since 1971.

Mr. M. A. Silverman F.C.A., who is 30, is to be Deputy Managing Director. He joined the EFA Group in 1973 as financial controller and was appointed financial director in 1977.

Mr. A. G. Raggett, who is 52, is to be Marketing Director, having been joint managing director for eight years.

Mr. N. J. Tester, who is 40, is to be Manufacturing Director responsible for technical and manufacturing matters, having been joint managing director for eight years.

Mr. T. L. Baylis, F.C.A., who is 33, is to be Financial Director and has been with the Enalon Group for five years.

Employees

The total number of employees in the Enlarged Group is approximately 495.

6. PREMISES

Details of the properties of the Enlarged Group are:

Property	Approximate Area (square feet)	Use	Tenure
Drayton Road, Tonbridge	3,500	office	Freehold
Drayton Road, Tonbridge	10,000	factory	Freehold
	36,000	yard	
Drayton Road, Tonbridge	26,000	factory	Leasehold for a term expiring on 15.8.81 at a rent of £23,000 per annum
Vale Rise, Tonbridge	9,000	factory	Leasehold for a term of
	106,000	yard	99 years from 4.12.75 at a rent of £3,500 per annum
808/809 Trading Estate, Slough	2,000	office	Leasehold for a term of
	10,000	factory	21 years from 25.12.71 at a rent of £24,000 per annum
734 Deal Avenue, Slough	9,000	warehouse	Leasehold for a term of 25 years from 1.9.74 at a rent of £25,000 per annum
Park Farm Road, Folkestone	31,000	factory	Leasehold for a term of 25 years from 24.6.78 at a rent of £16,000 per annum
78 and 80 Tontine Street, Folkestone	8,700	factory	Leasehold for a term of 20 years from 24.6.78 at a rent of £6,000 per annum.

7. ACCOUNTANTS' REPORT ON THE EFA GROUP BY ERIC NABARRO & CO. AND LUBBOCK FINE & CO., CHARTERED ACCOUNTANTS.

17th January, 1979

To the Directors,
Arlen Electrical Limited.

Gentlemen,

We have examined the audited Accounts of *Electronic & Fluorescent* Accessories Limited and its subsidiary companies, hereinafter collectively referred to as EFA Group, from 1st July, 1973 to 30th June, 1978, with the exception of F.W.M. Plastics Limited (FWM). On 20th November, 1978 EFA acquired FWM. Details of this contract are shown in paragraph 11 below.

We have examined the audited Accounts for the period 1st April, 1973 to 31st March, 1978 of Alan Stephen (Folkestone) Limited (formerly F.W. M. Plastics Limited) (FWMP), the Company which previously carried on the business which has been acquired by FWM, the shares in which have been acquired by EFA.

The information set out in the following paragraphs of this report includes the results of EFA and the following subsidiary companies which were wholly owned unless otherwise stated for the five years to 30th June, 1978.

Active Companies	*Percentage* Owned	Date Company became a member of the EFA Group
Arlen Leasing Ltd.		8. 9.77
Arlen Lighting Ltd.		1. 7.77
British General Manufacturing Co. Ltd. (BG)	90	1. 7.75
Eurefa S.A.R.L. (Eurefa)	66⅔	4. 7.77
F.W.M. Plastics Ltd. (FWM)		20.11.78
Kupfer International Ltd. (KI)	90	1. 7.75
Dormant Companies		
Harfat Ltd.		5. 7.78
B and T Plastics Ltd		1. 7.75
F.W. Maul & Son Ltd.		20.11.78
Homeleigh Products (Essex) Ltd.		20.11.78
Kupfer Distributors Ltd.		1. 7.75

The minority holdings in BG and KI, which were held equally by Mr. A. D. Levy and Mr. L. C. Redfern, formed part of the transaction.

The summarised Profit and Loss Accounts, Balance Sheets and Source and Application of Funds Statements are based on the audited accounts of the companies, which have been prepared under the historic cost convention, after making such adjustments as we consider appropriate. In our opinion these summaries, together with the notes thereon, give, so far as concerns members of Arlen Electrical Limited, a true and fair view of the state of affairs at the dates stated and of the results and source and application of funds for the years shown.

1. Accounting Policies

The following are the principal accounting policies of the EFA Group which are to be used in the future and are adopted in the financial information set out in this report.

1. Basis of Consolidation

Although the Group was not formally constituted as such during the period covered, the financial information consolidates the results of the EFA Group as constituted at 30th June, 1978 (with the exception of Eurefa which is considered not material) as though all companies had been 100 per cent members of the Group throughout.

Accounts of FWMP to 31st March have also been consolidated with the Accounts of the rest of the EFA Group at 30th June in each year.

2. Stock and Work-in-progress

Stock and work-in-progress have been consistently valued at the lower of cost and net realisable value. The value of work-in-progress includes an element of overheads where considered appropriate.

3. Depreciation and Amortisation

Depreciation and amortisation has been provided for on the following annual basis in order to write off the cost of the assets over their expected useful lives.

Leasehold Property	Equal annual instalments over the term of the lease.
Plant and Machinery	10 per cent straight line
Fixtures and Fittings	10 per cent straight line
Motor Vehicles	25 per cent straight line except that Vehicles costing in excess of £25,000 are depreciated at 10 per cent straight line

(a) Although depreciation has been provided on an annual basis it is intended that in future depreciation will be provided on quarterly rests.

(b) Until 1st July, 1976 BG did not capitalise the cost of moulds. The value at 30th June, 1976, of £35,000 and subsequent additions have been capitalised as plant and machinery.

4. Hire Purchase Liabilities

Hire purchase interest is written off equally over the period of hire.

5. Deferred Taxation

Deferred taxation has been provided at 52 per cent on the full effect of timing differences and on the relief claimed for increases in stocks.

6. Turnover

Turnover represents sales by EFA Group to third parties exclusive of V.A.T.

2. Profit and Loss Accounts

	Years ended 30th June 1974 £000	1975 £000	1976 £000	1977 £000	1978 £000
Turnover	2,916	3,354	3,165	4,318	5,751
Cost of sales and expenses	2,753	3,179	3,090	4,179	5,415
Profit before tax	163	175	75	139	336
Taxation	91	94	46	88	184
Profit after tax	72	81	29	51	152
Extraordinary Items	—	—	—	11	4
Retained profit	72	81	29	40	148

Notes:

1. As explained in the accounting policies the results of FWMP have been included.
   (a) No provision has been made for notional interest on the purchase consideration of £200,000.
   (b) The purchase by FWM of the business owned by FWMP did not include the freehold factories nor the mortgage secured on one of the factories. The results are after charging interest on this mortgage, as indicated in note 2.
   (c) No notional rental has been included for the factory premises which have been leased from FWMP at a rental of £22,000 p.a.

2. The cost of sales and expenses include the following items:

	Years ended 30th June 1974 £000	1975 £000	1976 £000	1977 £000	1978 £000
Directors' emoluments	25	37	27	31	50
Directors' pension contributions	2	8	8	8	10
Depreciation and amortisation	31	38	33	60	86
Audit fee	3	3	4	6	10
Mortgage interest (see note 1)	4	3	3	3	3
Interest on loans repayable within 5 years	24	54	43	72	69
Bad debt provision	7	1	—	43	70
Leasing costs	—	7	16	24	19
Losses on exchange	2	12	10	3	6
Losses on investments	—	—	3	1	1
Long service bonuses (FWMP)	—	—	—	—	14

3. Taxation includes the following items:

	Years ended 30th June 1974 £000	1975 £000	1976 £000	1977 £000	1978 £000
Corporation tax payable	61	77	(2)	(28)	119
Deferred taxation	30	17	48	116	65
	91	94	46	88	184

4. Extraordinary items comprise the following:

	Years ended 30th June 1974 £000	1975 £000	1976 £000	1977 £000	1978 £000
Costs of abortive merger	—	—	—	—	2
Loss on sale of freehold	—	—	—	11	2
	—	—	—	11	4

5. No dividends have been paid throughout the period.
6. Summary of turnover and profits

	Years ended 30th June 1974 £000	1975 £000	1976 £000	1977 £000	1978 £000
Turnover					
EFA Group (excluding FWMP)					
Exports other than Europe	1,567	1,705	1,204	1,480	1,925
Europe (including UK)	1,104	1,370	1,709	2,557	3,443
	2,671	3,075	2,913	4,037	5,368
FWMP (excluding sales to the rest of the EFA Group)	245	279	252	281	383
	2,916	3,354	3,165	4,318	5,751
Profits before tax					
EFA Group (excluding FWMP)					
Exports other than Europe	34	25	(43)	(88)	(3)
Europe (including UK)	104	101	78	222	300
	138	126	35	134	297
FWMP	25	49	40	5	39
	163	175	75	139	336

3. Balance Sheets

	30th June 1974 £000	1975 £000	1976 £000	1977 £000	1978 £000
Fixed Assets	183	190	194	310	485
Investments	1	15	12	1	8
Current Assets	1,340	1,513	1,418	2,046	2,194
Current Liabilities	1,247	1,297	1,110	1,686	1,803
Net Current Assets	93	216	308	360	391
	277	421	514	671	884
Represented by:					
Share Capital	1	1	1	1	1
Capital Reserves	90	90	90	90	90
Revenue Reserves	130	211	240	280	428
	221	302	331	371	519
Deferred Taxation	56	119	183	300	365
	277	421	514	671	884

Notes:

1. No provision has been made in the Balance Sheets for the consideration paid FWM, of approximately £200,000 including costs.
2. Summaries of the Fixed Assets, Current Assets and Current Liabilities are as follows:

	30th June 1974 £000	1975 £000	1976 £000	1977 £000	1978 £000
Fixed Assets (at written down value)					
Freehold property				20	
Leasehold property	10	19	19	18	17
Plant and machinery	133	128	135	210	273
Fixtures, fittings and equipment	21	27	28	41	54
Motor vehicles	19	16	10	21	86
Leased assets					55
	183	190	194	310	485
Current Assets					
Debtors and prepayments	820	847	804	1,263	1,446
Stock and work in progress	518	664	613	781	745
Bank and cash balances	2	2	1	2	3
	1,340	1,513	1,418	2,046	2,194
Current Liabilities					
Creditors and accruals	638	639	632	966	811
Hire purchase creditors	38	31	29	43	146
Unsecured loans (since repaid)	44	45	42	32	20
Bank advances	206	336	164	285	358
Bank overdrafts	249	152	286	364	257
Taxation	77	94	84	(8)	111
	1,247	1,297	1,110	1,686	1,803

3. Capital commitments at 30th June, 1978 amounted to £128,000.
4. Contingent liabilities at 30th June, 1978:
   The Group has given a guarantee of £100,000 in respect of an overdraft facility granted to Cliphome Ltd., a company in which Mr. L. Redfern and Mr. A. Levy together own 50 per cent. of the issued capital. Subsequent to 30th June, 1978 this guarantee has been released.
   There were other contingent liabilities amounting to £18,000.

4. Source and Application of Funds Statement

	Years ended 30th June 1977 £000	1978 £000
Source of Funds		
Net adjusted profit before tax	139	336
Depreciation and amortisation	60	86
Total generated from operations	199	422
Funds from other sources		
Sale of fixed assets	5	65
Sale of investments	20	
Hire purchase finance	14	105
	238	592
Use of Funds		
Fixed Assets	192	330
Investment	8	7
Loan repaid	11	12
Taxation	41	2
	(14)	341
Increase/(decrease) in Working Capital		
Stocks	168	(38)
Debtors	459	183
Creditors	(436)	37
Net liquid funds	(206)	59
	(14)	241

5. Other Matters

Lubbock Fine & Co. have been the auditors of the EFA Group (excluding FWM and Eurefa) throughout the *period under review*.

6. No audited accounts of the EFA Group have been prepared in respect of any period subsequent to 30th June, 1978.

Yours faithfully,
ERIC NABARRO & CO.
LUBBOCK FINE & CO.

8. THE ENALON GROUP: FINANCIAL INFORMATION

The results of the Enalon Group for the four years and fifteen months ended 30th September, 1978 based on the audited accounts were as follows:—

1. Turnover and Profits

	Year ended 30th June 1974 £000	1975 £000	1976 £000	1977 £000	15 months ended 30th Sept. 1978 £000
Turnover	1,245	1,327	1,300	1,674	2,022
Net profit before tax	114	158	52	72	28
Tax	47	80	25	37	9
Net profit after tax	67	78	27	35	19
Ordinary dividends	19	27	28	28	29
Retained profit	48	51	(1)	7	(10)
Earnings per share	10.54p	12.08p	4.18p	5.51p	2.83p

2. Balance Sheets

	1973 £000	1974 £000	30th June 1975 £000	1976 £000	1977 £000	30th Sept. 1978 £000
Fixed Assets						
Freehold Properties	66	66	66	66	66	66
Leasehold Properties		92	98	97	92	95
Plant, Machinery and Motor Vehicles	167	145	169	248	210	155
	233	303	333	414	368	316
Goodwill	1		1	1	1	
Current Assets						
Stocks and Work in Progress	172	202	196	186	227	260
Debtors and Payments in Advance	285	320	269	355	414	380
Balances at Bank and Cash			79	12		
	457	522	544	553	641	640
Less Current Liabilities						
Bank Loans and Overdrafts	110	137	60	106	148	173
Creditors	206	242	250	303	310	273
Taxation	43	83	114	58	49	38
Dividends	18	20	29	29	29	19
	377	482	453	496	536	503
Net Assets	314	364	425	469	474	453
Deferred Taxation	27	29	39	87	88	79
	287	335	386	382	386	374
Represented by:						
Share Capital	160	160	160	160	160	160
Reserves	127	175	226	222	226	214
	287	335	386	382	386	374

3. Statement of Source and Application of Funds

	Year ended 30th June 1977 £000	£000	15 months ended 30th September 1978 £000	£000
Source of Funds				
Funds Generated from Operations				
Group profit before Taxation	72.2		28.1	
Depreciation	63.1		69.9	
Charged to Property Maintenance Reserve	(7.0)			
		128.3		98.0
Funds from Other Sources				
Book Value of Assets Sold		0.9		7.1
		129.2		105.1
Application of Funds				
Tax Paid	40.3		30.9	
Dividends Paid	28.4		38.0	
Fixed Assets	20.9		25.9	
		89.6		94.8
Increase/(Decrease) in Working Capital				
Movement in Stock	40.9		33.3	
Movement in Debtors	58.8		(34.5)	
Movement in Creditors	(6.8)		36.7	
Movement in Short Term Loans	42.0		46.5	
		134.9		82.0
		224.5		176.8
		(95.3)		(71.7)
Movement in Net Liquid Funds		129.2		105.1

9. PRO-FORMA STATEMENT OF THE COMBINED NET ASSETS OF THE ENLARGED GROUP AT 30th SEPTEMBER 1978, AS IF THE ACQUISITION OF EFA HAD TAKEN EFFECT

There is set out below a pro-forma statement of the net tangible assets of the Enlarged Group based on the audited consolidated Balance Sheet of the Enalon Group at 30th September, 1978 and the adjusted Balance Sheet of the EFA Group at 30th June, 1978, as shown in the Accountants' Report, adjusted in accordance with the notes below.

	£000	£000
FIXED ASSETS		
Freehold Properties		66
Leasehold Properties		112
Plant, Machinery and Motor Vehicles		568
Leased Assets		55
		801
Investment in subsidiary (Note (i))		8
CURRENT ASSETS		
Stocks and Work in Progress	1,005	
Debtors and Payment in Advance	1,826	
Balances at Bank and Cash	3	
	2,834	
LESS CURRENT LIABILITIES		
Unsecured Loans	20	
Bank Loans and Overdrafts	786	
Creditors (Note (ii))	1,529	
Taxation	149	
Dividends	19	
	2,503	
NET CURRENT ASSETS		331
NET TANGIBLE ASSETS		1,140
DEFERRED TAXATION		445
TOTAL NET ASSETS		695

Notes:
(i) This represents the cost of shares in, and loans to, an overseas subsidiary not consolidated.
(ii) Creditors include an amount of £200,000 being the purchase consideration and costs of the business taken over by FWM.

10. PROFITS FORECAST

1. Assumptions

The assumptions on which the Directors have based the Profits Forecast contained in paragraph 4 above headed "*Profits, Prospects and Dividends*" are as follows:—

(i) The results of FWM have been included in the EFA Group figures from 20th November, 1978.
(ii) The current national lorry drivers' strike will not last for more than two weeks from 12th January, 1979, being the date on which such strike was declared official. Save for this strike, supplies of materials, labour or machinery will not be curtailed by labour disputes or other factors outside the control of the Directors and there will be no withdrawal of labour or restrictive practices by the companies' own workforces.
(iii) The current production rates will continue so as to enable production budgets to be achieved.
(iv) Turnover of the Enalon Group and the EFA Group will be £1,293,000 and £6,162,000 respectively, *based upon sales levels and trends experienced to date and normal seasonal factors.*
(v) Export markets of the EFA Group will not be effected by political factors.
(vi) Increases in labour costs will be restricted to 10 per cent p.a. and selling prices will be adjusted to recover such increase.
(vii) Interest rates and bases and rates of taxation, both direct and indirect, will not change materially.

2. Letters

There are reproduced below copies of letters from Eric Nabarro & Co. and Lubbock Fine & Co., Chartered Accountants, and Energy, Finance and General Trust Limited.

The Directors,
Arlen Electrical Limited.

17th January, 1979

Gentlemen,

We have reviewed the accounting bases and calculations for the profits forecast of Arlen Electrical Limited and its subsidiaries, for which the Directors are solely responsible, for the nine months ending 30th June 1979 set out in paragraph 4 of the Particulars to be given in compliance with the Regulations of the Stock Exchange and dated 17th January, 1979. We have also reviewed the accounting bases and calculations *for the profit forecast of Electronic & Fluorescent Accessories* Limited and its subsidiaries for which the Directors of Electronic & Fluorescent Accessories Limited are solely responsible, for the year ending 30th June, 1979, also set out in paragraph 4 of the above mentioned Particulars.

In our opinion, the combined forecast, so far as the accounting bases and calculations are concerned, has been properly compiled on the footing of the assumptions made by the Directors and proposed Directors, set out in paragraph 10, 1 of the above mentioned particulars, and is presented on a basis consistent with the accounting policies normally adopted by the companies concerned.

Yours faithfully,
ERIC NABARRO & CO.
LUBBOCK FINE & CO.
Chartered Accountants

The Directors,
Arlen Electrical Limited.

17th January, 1979

Gentlemen,

We refer to the profits forecast contained in the paragraph "Profits, Prospects and Dividends" in *paragraph 4 of the Particulars to be given in compliance with the Regulations of the Stock Exchange* and dated 17th January, 1979.

We have discussed with the Directors of Electronic & Fluorescent Accessories Limited and yourselves the bases and assumptions on which the forecast for the period ending 30th June, 1979 has been made. We have also considered the letter dated 17th January, 1979 from Eric Nabarro & Co., and Lubbock Fine & Co., addressed to yourselves regarding the accounting bases and calculations.

On the basis of the above, we are of the opinion that the forecast, for which the Directors and proposed Directors are solely responsible, has been prepared with due care and consideration.

Yours faithfully,
for and on behalf of
ENERGY, FINANCE AND GENERAL TRUST LIMITED,
E. D. BARKWAY,
Director

11. GENERAL INFORMATION

(i) Share Capital:

(a) On 8th January 1979 *the authorised share capital of the Company was increased to £1,000,000* by the creation of 3,000,000 Ordinary shares of 25p each, of which 2,000,000 shares will be allotted (credited as fully paid) in satisfaction of the Initial Consideration and a maximum of a further 600,000 shares may be allotted (credited as fully paid) in satisfaction of the Further Consideration. The issued share capital will be £660,000 following the issue of the Initial Consideration shares and £810,000 following the issue of the maximum Further Consideration shares.

(b) Immediately following the acquisition of EFA, 1,360,000 Ordinary shares of the Company will remain unissued and, save for the possible issue of a maximum of 600,000 Ordinary shares in satisfaction of the Further Consideration, there is no present intention to issue any of the authorised but unissued share capital of the Company. Without the prior approval of the Company in general meeting no issue of shares will be made which would effectively alter the control of the Company or the nature of its business.

(c) Save as disclosed in this document:
(i) no share capital of any member of the Enlarged Group is under option or agreed conditionally or unconditionally to be put under option;
(ii) except in connection with the formation of subsidiaries, no share capital of any member of the Enlarged Group has been issued *for cash or otherwise since 17th January, 1977, or is proposed to be issued;* and
(iii) no commissions, discounts, brokerages or other special terms have since 17th January, 1977 been granted in connection with the issue or sale of any share capital of any member of the Enlarged Group.

(ii) Directors' and Other Interests

(a) After taking into account the First Placing, the interests of the Directors and members of their families in the share capital of the Company will be as follows:

	Ordinary shares of 25p each
L. C. Redfern	873,750
A. D. Levy	873,750
M. A. Silverman	40,000
A. G. Raggett	12,500
N. J. Tester	66,500
T. L. Baylis	250

Mrs. D. M. Moore, who resigned from the Board of the Company on 8th January, 1979, owns 128,000 Ordinary shares.

Subject to the Second Placing the Vendors may own up to a maximum of a further 600,000 Ordinary shares as Further Consideration.

(b) The Directors are not aware of any other interest amounting to 5 per cent. or more of the issued share capital of the Company.

(c) The Directors have agreed to serve the Company as executive directors, in each case for a fixed term of five years from 1st January, 1979. The remuneration of each Director will be (i) a basic salary of the annual amount stated opposite his name below (cumulatively increased by 10 per cent. on 1st January, 1980 and on each subsequent 1st January) and (ii) a commission of the percentage stated opposite his name below on the amount by which the consolidated profits (less losses) of the Enlarged Group (as constituted immediately following the acquisition of EFA) for each financial year exceed £0.5m. but do not exceed £1.5m.:

Director	(i) Basic Annual Salary £	(ii) Commission on profits from £0.5m. to £1.5m. per cent.
L. C. Redfern	26,500	2.30
A. D. Levy	26,500	2.30
M. A. Silverman	18,000	1.30
A. G. Raggett	13,500	1.15
N. J. Tester	13,500	1.15
T. L. Baylis	10,000	0.80

The aggregate emoluments of the Directors of the Enalon Group for the fifteen months ended 30th September, 1978 amounted to £53,800 and it is estimated that the aggregate emoluments of the Directors for the period ending 30th June, 1979 will be £56,000.

(d) Save as disclosed herein, no Director has (a) any interest, direct or indirect, in any assets which since 17th January, 1977, have been or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group and (b) a material interest in any contract or arrangement entered into by any member of the Enlarged Group which is significant in relation to the business of the Enlarged Group taken as a whole.

(iii) Subsidiaries

Each subsidiary of the Company is incorporated in England and is wholly owned by the Enlarged Group, except Eurefa SARL, which is incorporated in France and is 66⅔ per cent owned by the Enlarged Group. Particulars of the subsidiaries are as follows:—

Company	Date of Incorporation	Issued Capital	Principal Activity
Arlen Leasing Limited	8.12.1970	£2	Vehicle and plant leasing
Arlen Lighting Limited	8.12.1970	£2	Import of electronic components
British General Manufacturing Co. Limited	21.3.1941	£15,000	Sales and distribution of electrical wiring accessories
B. and T. (Plastics) Limited	29.3.1944	£1,000	Non-trading
Colizet Limited	21.8.1942	£300	Non-trading
Electronic & Fluorescent Accessories Limited	16.8.1966	£1,000	Sales and distribution of fluorescent control gear and accessories
Enalon Plastics Limited	14.9.1978	£100	See contract no. (ix) summarised in paragraph (v) (a) below
Eurefa SARL	4.7.1977	Fr.130,000	European sales and distribution of group products
F.W.M Plastics Limited	11.9.1978	£2	Compression and injection moulding for group products and to customers' specification
F.W. Maul & Son Limited	17.12.1952	£1,700	Non-trading
Harfat Limited	13.7.1978	£2	Non-trading
Homeleigh Products (Essex) Limited	13.9.1946	£500	Non-trading
Kentonbridge Engineering Co. Limited	10.6.1930	£500	Non-trading
Kupfer Distributors Limited	27.5.1945	£1,000	Non-trading
Kupfer International Limited	13.12.1939	£12,000	Export sales and distribution of group products, plus those of selected *manufacturers*
Tonbridge Plastics Limited	26.5.1960	£80	Non-trading

(iv) Articles of Association

The Articles of Association of the Company contain provisions inter alia to the following effect:—

(a) Subject to any special rights or restrictions as to voting attached to any shares, on a show of hands every member who is present in person shall have one vote, and on a poll every member who is present in person or by proxy shall have one vote for every 25p in nominal amount of shares of which he is the holder.

(b) Save with the previous sanction of an ordinary resolution of the Company, no money shall be borrowed if the aggregate principal amount outstanding of all moneys borrowed by the Enlarged Group (excluding inter-company borrowings) then exceeds or would as a result of such borrowing exceed an amount equal to twice the aggregate of the amount paid up or credited as paid up on the share capital of the Company and the consolidated reserves of the Enlarged Group (calculated as provided in the Articles).

(c) *The statutory provisions as to an age limit for Directors shall not apply.*

(d) A Director may not vote, nor shall he be counted in the quorum, upon a motion in respect of any matter in which he is interested except (i) any contract or arrangement by or on behalf of the Company to give to any Director any security or indemnity in respect of money lent by him or obligations undertaken by him for the benefit of the Company; (ii) any contract or dealing with a subsidiary of the Company or with a corporation where the sole interest of a Director is that he is a director or other officer, member or creditor thereof; (iii) any contract guaranteeing any obligation of any subsidiary of the Company; (iv) any resolution or contract for the allotment to or the underwriting by any Director of shares in or debentures of the Company or any other company which the Company may promote or be interested in, and the payment to any Director of a commission in respect thereof; (v) any resolution appointing any Director as a director or officer of any other company in which the Company is interested or providing for the payment of remuneration to the directors or other officers of such other company; or (vi) any resolution providing for the payment of a pension or the like benefit to any Director or to his wife, widow, family or dependants.

(e) *A Director, notwithstanding his interest, may be counted in the quorum present at any meeting* at which he or any other Director is appointed to hold any office or place of profit under the Company, or at which the terms of any such appointment are arranged or varied, and he may vote on any such appointment or the arrangement or variation of the terms thereof, other than *his own appointment or the arrangement or variation of the terms thereof.*

(v) General

(a) The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Enalon Group since 17th January, 1977, and are or may be material:—

(i) Lease dated 5th April, 1977 between Ms. A. J. Ashby (1) and the Company (2) relating to 88 Drayton Road, Tonbridge, Kent, for a term expiring on 15th August, 1981 at a rental of £2,460 per annum.

(ii) Agreement dated 24th August, 1977 between the Company (1) and Mr. J. D. Robertshaw (a recent Director of the Company) (2) appointing Mr. Robertshaw as financial consultant to the Company for a period of five years from 1st May, 1978 for a fee of £2,000 per annum and an expense allowance of £250 per annum, in each case subject to increase in accordance with the Index of Retail Prices.

(iii) Agreement dated 24th August, 1977 between the Company (1) and Mr. T. L. Baylis (2) extending the period of his service agreement to 30th June, 1982.

(iv) Agreement dated 24th August, 1977 between the Company (1) and Mr. A. G. Raggett (2) extending the period of his service agreement to 30th June, 1984.

(v) Agreement dated 24th August, 1977 between the Company (1) and Mr. N. J. Tester (2) extending the period of his service agreement to 30th June, 1984.

(vi) Covenant dated 14th December, 1978 by which the Company has covenanted to pay to Mrs. D. M. Moore a pension of £4,000 per annum.

(vii) Agreement dated 14th December, 1978 between Mr. A. D. Levy and others (1), the Company (2) and Mr. A. G. Raggett and others (3), being the Agreement for the acquisition by the Company of the shares in EFA and the minority shares in two partly owned subsidiaries of EFA. (Under the agreement: (a) the total amount for which the Vendors are liable under the warranties and indemnities therein contained is limited to (i) £400,000 or (ii) the proceeds of sale of the shares constituting the Initial Consideration and the Further Consideration if they are all sold within the period therein specified; (b) the Vendors will not be liable for any claim under such warranties and indemnities unless the claim is brought before the date on which the audited accounts of the Enalon Group for the period ending 30th June, 1979 are certified or (in the case of a warranty or indemnity relating to taxation), before the date on which the tax computations of the EFA Group for all accounting periods ending on or before 30th June, 1979 are agreed with the Revenue Authorities; and (c) the dividend waiver mentioned above given by each Vendor shall cease (i) upon his death in relation to the shares owned by him on the date of death and (ii) in relation to any shares sold by him to meet any claim under such warranties and indemnities.)

(viii) Agreement dated 15th December, 1978 between Mr. A. D. Levy and Mr. L. C. Redfern (1), the Company (2), HALB (3) and Mr. M. A. Silverman (4) as varied by a supplemental agreement dated 8th January, 1979) for the First Placing.

(ix) Agreement dated 8th January, 1979 between the Company (1) and Enalon Plastics Limited (a wholly owned subsidiary of the Company) (2), whereby the Company agreed to sell its goodwill and trading assets to Enalon Plastics Limited in consideration of the issue (credited as fully *paid) of 98 Ordinary shares of £1 each in Enalon Plastics Limited.*

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the EFA Group since 17th January 1977 and are or may be material:—

(i) Agreement dated 6th February, 1978 between Mr. S. S. Lavine and others (1) and EFA (2) whereby (inter alia) EFA was granted an option to purchase shares in Regents Park Linen Hire Limited, the benefit of which was subsequently assigned for no consideration to Cliphome Limited (in which Mr. A. D. Levy and Mr. L. C. Redfern each owns 25 per cent of the issued shares). Pursuant to the exercise of this option Cliphome Limited purchased the shares in Regents Park Linen Hire Limited under two Agreements dated 24th May, 1978 for a total consideration of £145,500.

(ii) Agreement dated 10th November, 1978 between Alan Stephen (Folkestone) Limited (1) and FWM (formerly Stalkhigh Limited) (2) whereby FWM agreed (a) to purchase the goodwill and other assets relating to the business of Alan Stephen (Folkestone) Limited therein mentioned for a consideration of £190,000 and (b) to indemnify Alan Stephen (Folkestone) Limited against its liabilities therein mentioned.

(iii) *Agreement dated 20th November, 1978 between Alan Stephen (Folkestone) Limited (1) and EFA (2)* whereby EFA agreed (a) to purchase the whole of the issued share capital of FWM for a consideration of £2 and (b) to advance to FWM a loan of £190,000 to discharge the consideration due from it under contract no. (ii) above.

(iv) Lease dated 21st November, 1978 between Alan Stephen (Folkestone) Limited (1) and EFA (2) relating to land on the east side of Park Farm Road, Folkestone, Kent, for a term of 25 years from 24th June, 1978 at a rental of £16,000 per annum.

(v) Lease dated 21st November, 1978 between Alan Stephen (Folkestone) Limited (1) and Harfat Limited (2) relating to 78 and 80 Tontine Street, Folkestone, Kent, for a term of 20 years from 24th June, 1978 at a rental of £6,000 per annum.

(b) The Directors consider that, taking into account bank and other facilities available, the Enlarged Group will have sufficient working capital for its present requirements.

(c) The Directors are advised that, following the proposed acquisition of EFA, the Company will be a close company within the meaning of the Income and Corporation Taxes Act 1970.

(d) The expenses of the acquisition of EFA and the application for listing are estimated to amount to *£67,000 (exclusive of VAT), and are payable by the Company.*

(e) No member of the Enlarged Group is engaged in any litigation or arbitration of any material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against any such member.

(f) A Certificate of Exemption has been granted by the Council of The Stock Exchange under Section 39 of the Companies Act, 1948.

(g) Eric Nabarro & Co., Lubbock Fine & Co. and Energy, Finance and General Trust Limited have given and not withdrawn their respective written consents to the issue of this document with the inclusion of copies of their letters or reports or references to them (as the case may be) in the form and context in which they are respectively included.

(h) The above-mentioned consents and copies of the material contracts listed above have been attached to the copy of this document delivered to the Registrar of Companies for registration.

12. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Richards, Butler & Co., 5 Clifton Street, London, E.C.2 during normal business hours on any weekday (except Saturdays) for a period of fourteen days from the date hereof:—

(a) the audited consolidated accounts of the Company for the last two periods;
(b) the audited consolidated accounts of EFA for the last two years;
(c) the Memorandum and Articles of Association of the Company and EFA;
(d) the above-mentioned Accountants' report, consents and material contracts;
(e) the statement of adjustments made for the purpose of the above-mentioned Accountants' report; and
(f) the circular letter dated 15th December, 1978 and addressed to the shareholders of the Company.

17th January, 1979.

Dixons making good headway

TAXABLE PROFIT of Dixons Photographic rose from £4.77m to £5.51m for the first half to November 11, 1978, and the directors of this cameras, television and pharmaceutical retail stores group say that results for the full year should again show satisfactory growth.

Mr. S. Kalms, the chairman, told the annual meeting in October last year that, with turnover buoyant, he expected first-half results to be satisfactorily ahead of those for 1977.

With the exception of the pharmaceutical division which is still experiecing difficulties "we have had a good half year in the UK," the directors now report.

Overseas trading has been slower except in America where substantial progress has been been made.

The Christmas trading period was a record for the retail division which has opened a a further 16 shops and resited three others since last May.

The interim dividend is raised from 0.9075p to 1.01p a share net, the maximum permitted. Last year's net total was 2.4175p a share paid on a record pre-tax profit of £9.52m.

Group sales in the half year increased from £96.72m to £118.68m.

For the first time, results include the property division previously Dixons Retail, as a separate entity. *Pre-tax profit for* this division, which deals with estate management and development *of group and outside* properties, increased from £173,000 to £716,000 including £564,000 *from disposal of Dixon Properties.*

The overseas division lifted total sales from £28.4m to £34.3m *including sales of £11.25m* and a net loss of £10,000 for Dixons Rinck BV until its disposal. A capital profit of £883,000 before tax on the sale of Dixons Rinck will be included as an extraordinary item in the accounts for the full year.

Net profit for the half year progressed from £2,751,000 to £3,072,000.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interim:—Cray Electronics.
Finals:—Dewhurst and Partner, Gestetner, Raeburn Investment Trust, Ruo Estates.

FUTURE DATES

Interims:—
Brengreen Holdings .... Jan. 30
Macarthys Pharmaceuticals ... Jan. 25
Textured Jersey .... Feb. 6
Finals:—
Trust Houses Forte .... Feb. 1
Vantage Securities .... Jan. 23

● comment

After a decade of seldom interrupted and sometimes spectacular growth, pre-tax profits at Dixon's Photographic have recently lost some of their sparkle. Last year's modest 9 per cent increase was helped by the exceptional sale of a trade investment and at first sight the 15 per cent interim rise is significantly boosted by property dealings. However, although the company does not expect this division to make a similar contribution in the second six months, it feels confident that the now separate property activities will repeat the performance on an annualised basis. Elsewhere, the retail side continues to take advantage of high consumer spending and net of new openings volume is 11 per cent ahead. The big problem, of course, is pharmaceuticals where Dixons is currently trying to rationalise the Westons retail outlets and link it more closely to the wholesale side. Westons has now broken even but margins at Barclays have been hit by the breakdown of retail price maintenance. The second half (which includes Christmas) should see a roughly similar overall advance and assuming profits of £10¾m the shares at 133p are on a prospective P/E of 8.2 (on a low tax charge) and a yield of 3.7 per cent.

Denbyware well up at halfway stage

WITH PRE-TAX profits of Denbyware, pottery manufacturer, up from £225,000 to £334,000 in the half year to September 30, 1978, the board states that the group would be doing very well indeed if it were able to maintain the same rate of profit increase in the second half *of the year.*

However, the board adds, in the present conditions predictions are not very meaningful.

The net interim dividend is the same at 2.1125p per 25p share. Last year's total payment was 5.419476p on pre-tax profits of £804,000.

Turnover in the six-month period was down slightly from £5.7m to £5.26m. Pre-tax profits were struck after exchange losses of £34,000 (£37,000).

Tax is payable at £227,000 (£117,000).

Mr. G. H. J. Robinson, chairman, says that, in spite of the decline in sales, he is pleased with the increase of virtually 50 per cent in pre-tax profits. This indicates that the efforts to improve the control on the company's operations have had effect, he adds, with an important improvement in the ratio of pre-tax profit to sales.

The main reason for the sales fall was in the overseas business, particularly in the U.S., where retail trading has been depressed for some time. He adds that it is rather difficult to estimate when the situation will improve.

Even in the UK market, business has not been very buoyant, but sales are holding up reasonably well.

As far as the furniture operations are concerned, the running down of which the chairman referred to in the annual report, the company is proceeding more or less as planned with the one exception that tenants have not yet been found for the leased showroom.

Strong efforts are continuing in this respect, Mr. Robinson adds, and he hopes for success soon.

● comment

Denbyware's remedial action has put it on a firm recovery trend. Apart from running down its U.S. furniture importing operation—a problem from the start because of large start-up costs and unfavourable currency movements—the company has generally tightened up financial controls, with the result that margins are showing a gradual recovery. First half profits are 48 per cent higher, in spite of difficulties in export markets, especially the U.S. and Canada where the retail trade, because of the worsening economic conditions, is holding lower stocks. But while overseas markets were disappointing, home sales achieve their burgeted figure. This is likely to be the pattern for the second half assuming the current haulage strike does not last too long—if so about 0.9m (£0.8m) should be possible for the year. The shares, at 107p, are on a prospective p/e of 10.5, while the yield is 7.7 per cent.

Vaal Reefs boosts its profits and payment

BY KENNETH MARSTON, MINING EDITOR

A MUCH bigger than expected final dividend and a sharply increased December quarter net profit are the good tidings for holders of **Vaal Reefs**, the **Anglo American Corporation** group's star gold and uranium mine in the Orange Free State.

All expectations are surpassed by the final dividend of 180 cents (103p), which brings the mine's 1978 total to 280 cents against only 115 cents for the previous year. The associated **Southvaal**, which draws royalties from Vaal Reefs, is also boosting its pay-out with a single dividend for 1978 of 57 cents *which compare with 21 cents for* 1977.

South African Land makes a surprise return to the dividend list with a payment of 25 cents, the first since 1976 when mining operations ceased. Since then earnings from the treatment of surface material have been set aside for possible needs of a prolonged prospecting programme. But funds are now well above requirements for the next year or two in the event that it is decided to continue prospecting after the results of borehole SRK1 are known.

Western Deep is declaring a final of 82½ cents which, though below expectations, is equal to the total paid for 1977 and raises the 1978 total to 147½ cents. **East Daggafontein**, which ceased operations in 1976, is not paying a final dividend. The latest payments are compared in the following table.

Dividends	Dec. 1978 cents	June 1978 cents	Dec. 1977 cents	June 1977 cents
E. Daggafont.	nil	*25	20	*nil
SA Lands	25	*nil	nil	*nil
Vaal Reefs	180	*100	80	*35
W. Deep	82½	*65	47½	*35

* Interim.

Because of holidays in the December quarter, production at the Anglo group mines has been below that of the previous quarter, but the effects of this on earnings have been cushioned by the higher gold prices received in the latest period.

Profits of the OFS producers have been adversely affected by the sharp fall in quarterly earnings of their joint metallurgical scheme. This, however, relates to the cyclical nature of the scheme which made no uranium sales in the past quarter; by the same token they may well resume in the current quarter.

Vaal Reefs, on the other hand, has made some good spot sales of uranium in the past quarter and revenue from these has far outweighed a fall in that from the lower gold production. The mine's total profit for 1978 comes out at R143.3m against R72.3m for 1977 while the rise in costs for the past year has been contained at just over 7 per cent which compares well against a projected industry average of 15-16 per cent.

Of the other mines, **Free State Saaiplaas** has not made any uranium sales in the latest quarter and has suffered a loss on its gold operations. **President Steyn** has also had a poor quarter with production being affected by hoisting problems at the higher grade No 4 shaft and by an underground fire in the area.

A fall in the mill grade at Free State Geduld to 12.25 grammes gold per tonne from 13.31 grammes in the previous quarter reflects the start of the move to a more balanced mining plan which will reduce the grade to 11.9 grammes. As already announced, the mine's planned gold production for the current year to September 30 is 38,080 kg compared with 43,055 kg in 1977-78.

Profits of the young **East Rand Gold and Uranium (Ergo)** dump treatment operation have been checked in the past quarter by the fact that only a small proportion of the period's uranium oxide production was sold. But a major sale for delivery during the current quarter has been negotiated, it is stated.

The usual advertisement giving full details of the group's quarterly reports will be published on Monday. Meanwhile, *the latest quarterly net profits* are summarised in the table below.

	Dec. R000 qtr.	Sept. R000 qtr.	June R000 qtr.
E. Daggafontein	‡45	‡19	‡178
Ergo	3,612	3,638	1,188
Free State Geduld	21,492	20,604	23,404
F. State Saaiplaas	*252	2,614	6,156
President Brand	16,990	16,077	17,188
President Steyn	7,040	6,786	12,309
SA Lands	‡619	‡470	‡613
Vaal Reefs	48,129	35,882	39,727
Welkom	3,473	3,660	3,972
Western Deep	22,699	20,782	20,216
Western Holdings	11,743	11,958	12,837

* Loss. ‡ Net surplus includes sales of equipment following cessation of mining.

KMA LIFTS ITS GOLD OUTPUT

Reflecting a rise in the average ore grade to 5.68 grammes gold per tonne from 3.84 grammes, Australia's **Kalgoorlie Mining Associates**—in which **Poseidon** has a stake—lifted gold production to 64,701 oz in the 28 weeks to January 9 from 44,159 oz in the same period of a year ago.

Kalgoorlie Mining Associates is a partnership between **Kalgoorlie Lake View** (52 per cent) and America's **Homestake Gold** (48 per cent). In turn, Kalgoorlie Lake View is owned 47 per cent each by **Poseidon** and **Gold Mines of Kalgoorlie** and 6 per cent by **Western Mining**.

Denison earns record C$58m

NET INCOME of Canada's uranium-producing **Denison Mines** has advanced in 1978 to a record C$58.2m (£24.3m), or C$12.75 per share, from C$27.9m in 1977, reports **John Soganich from Toronto**. Total revenue climbed to C$269.9m from C$199.1m.

The major factor in the latest good results was the increase in shipments of uranium. Other factors included slightly higher revenue from the Alberta oil and gas interests, a marked improvement in earnings on cement operations, higher investment income and a capital gain on the sale of an interest in a British Columbia coal property.

Uranium oxide production at the Elliot Lake mines in northern Ontario rose by 22 per cent to 4.9m lbs last year. An expansion programme now under way will increase annual output to 6m lbs by the early 1980s.

The chairman, Mr. Stephen B. Roman and the president, Mr. John Kostuik, comment: "Growth in uranium production and deliveries assures continuing strong earnings. Participation in new business opportunities, *such as the two offshore oil and* gas developments in Greece and Spain, are being actively pursued."

EAST MALARTIC SLOWS DOWN

Because of ore depletion and a reduction in grade, Canada's **East Malartic Mines** is to curtail development at its Quebec gold property and place it on a salvage basis. This will result in periodic reductions in the workforce over the next six months.

It is intended to operate the mine at a rate of 51,000 tons of ore a month for as long as this can be done economically. Last year, the mine's average costs equalled C$190 per ounce of gold produced compared with an average price received of around C$208. The current Canadian gold price is about C$270.

East Malartic, which is controlled by the **Little Long Lac** group, last paid a dividend (10 cents) in May, 1975, and that was the first payment since 1957.

A better year for Palabora

BECAUSE of maintenance work at the smelter, copper production of the **Rio Tinto-Zinc** group's **Palabora** copper mine in South Africa fell to 27,197 tonnes in the December quarter. But it brought the 1978 total to 114,688 tonnes against 109,081 tonnes in 1977. Copper ¼sales amounted to 114,878 tonnes against 104,231 tonnes.

Sales of other products from this big open-pit mine last year included: magnetite 116,597 tonnes (435,293 ¼tonnes in 1977), sulphuric acid 116,759 tonnes (120,615 tonnes), vermiculite 193,046 tonnes (154,380 tonnes), uranffium concentrates 127,836 tonnes (92,050 tonnes) and precious metals contained in anode slimes 594,081 oz (583,590 oz).

The last shipment of vermiculite under the 101year contract with Japan's Kobe Steel was made in September. The increase in vermiculite sales reflected improved conditions in the overseas construction industry and also further penetration into the agricultural applications market.

Last year's higher copper production resulted from the two new autogenous mills achieving rated capacity. However, they had their full share of problems and the hope is that they can be kept functioning satisfactorily until the installation of replacement shells and other components is completed. This is now expected in mid-year.

If all goes well technically and, given the reasonable expectation of better copper prices than in 1978 when the metal averaged £710 per tonne—it was £831¼ yesterday—Palabora should further increase its dividend total this year.

For 1977 there were four payments totalling 45 cents. So far three interims totalling 42½ cents have been paid for 1978 and the final for the year is due next month. The shares were 500p yesterday.

Arlen rejoins official list

A prospectus for Arlen Electrical, formerly Enalon Plastics, which is rejoining the ocial list of the Stock Exchange, is published today.

The shares were suspended in September following an announcement by Enalon Plastics that it was having talks with shareholders of a private company concerning an acquisition that would be substantial in relation to Enalon.

In December, directors said that pre-tax profit of the company was £28,100 for the 15 months to September 30, compared with £72,200 for the previous year. They added that there was pressure on costs, while demand, although improving, was below maximum capacity. They felt the underlying business would enable it to return to significant levels of profitability but considered that the proposed acquisition of the Electronic and Fluorescent Accessories group was in Enalon's best interests as the new company would be more evenly balanced and better equipped.

Enalon has traditionally concerned itself with the manufacture of plastic components by various production methods including injection moulding, vacuum forming and stamping. It has principally been involved in the electronics, telecommunications, textile and pyrotechnics industries.

The EFA group products include starter switches for flueorescent lighting, fluorescent accessories, control gear, electrical wiring accessories and, through the recently acquired FWM subsidiary, plastic moulding, assembly and design for the EFA group as well as trade mouldings for industry.

The balance sheet date of the grgroup will be switched from September 30 to June 30 and directors forecast that pre-tax profits for the nine months to June 30, 1979, will be not less than £424,000. On this basis, directors expect to recommend a final dividend of 4.5p.

A pro-forma balance sheet of the enlarged group based on Enalon's consolidated balance sheet for the year to September 30, 1978, shows fixed assets total £801,000; current assets £2,634,000; current liabilities £2,503,000; and net tangible assets of £1,140,000.

NO PROBE

The merger between Redland Roof Tiles and Essex Group Industries is not to be referred to the Monopolies and Mergers Commission under the provisions of the Fair Trading Act 1973.

BANK RETURN

	Wednesday, January 17, 1979	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	24,597,670	— 3,269,036
Special Deposits	1,112,560,000	+ 13,780,000
Bankers Deposits	405,341,595	+ 46,727,726
Reserves & Other Accounts	672,308,426	+ 12,715,195
	2,229,360,691	+ 69,933,885
ASSETS		
Government Securities	1,788,621,087	+ 15,454,999
Advances & Other Accounts	207,020,232	— 2,030,039
Premises, Equipment & Other Secs.	209,335,842	+ 39,623,994
Notes	24,281,459	+ 16,896,727
Coin	202,071	— 11,796
	2,229,360,691	+ 69,933,885
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	8,750,000,000	— 125,000,000
In Circulation	8,725,718,541	— 141,896,727
In Banking Department	24,281,459	+ 16,986,727
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	7,770,601,852	— 126,574,206
Other Securities	968,383,048	+ 1,574,206
	8,750,000,000	— 125,000,000

BIDS AND DEALS

Racal buys major stake in MESL electronics

Racal, the military radio and communications group, has announced it is to buy 80 per cent of the shares of Microwave and Electronics Systems (MESL), makers of security equipment and other electronics.

Racal will be making an offer for the remaining shares in the near future.

T agreed purchase price of the MESL shares acquired now puts a value of £5m on the company. Shareholders have been ig ven the option of cash or shares in Racal.

The four senior executives of MESL are to stay with the company. Racal has agreed to buy their shares, amounting to 15 per cent of the total, after three years at a price related to the profits of the company.

Formed in 1964, MESL is based at two sites near Edinburgh and employs 380 people.

In the year t April 2, 1978, pre-tax profits were £486,682, an increase of 30.7 per cent over the previous year. In the current year, profits are expected to exceed £585,000.

Net assets in 1977-78 amounted to £1.84m including deferred tax. Sales were £5.1m, up 53 per cent and export sales amounted to £2.46m, an increase of 41.6 per cent.

WESTERN TRUST TO BE SOLD

Western Trust and Savings, the consumer banking company, is *expected to be sold* to an unnamed "major international financial institution."

This was announced yesterday by one of Western's joint owners —Arbuthnot Latham Holdings, the merchant bank. Arbuthnot Latham expects to receive about £2m for its 22 per cent holding in Western. The majority holder is Philadelphia National Corporation with the remaining 78 per cent.

The reason for the sale as far as Arbuthnot Latham is concerned is that it wants to remove minority stakes from its investments, said Mr. B. Thompson-McCausland, a director, yesterday.

For PNC, the reason given is that Western plans a major expansion of its services and branch network. This "would not be consistent with the sort of overall diversification and corporate balance we seek," said Mr. Richard S. Ravenscroft, president of PNC.

The buyer is understood to be a large overseas financial *institution* which will be prepared to back the substantial expansion planned by Western. A further announcement is expected i na few weeks.

Profits of Western rose from £0.6m to £1.7m in the year ended September, 1978. A further increase in profits is expected in the current period, according to Arbuthnot Latham.

Eagle Star and EPC to hold talks

The Board of EPC yesterday considered the approach made by Eagle Star and decided to enter into the proposed talks with the group.

Shareholders are recommended to take no action in connection with their shares or convertible stocks.

Sir Denis Mountain, chairman of Eagle Star and EPC, and Mr. F. A. Davies, deputy chief general manager of Eagle Star and a director of EPC, were not present at yesterday's board meeting and have been given leave of absence from further EPC board meetings until the talks with Eagle Star have been concluded.

See Property Column, Page 8

Broker's view on Guthrie bid

Leading stockbroking anlyst of plantation shares, Laurence Prust has given little comfort to either side in the Sime Darby (Holdings)/Guthrie Corporation bid battle.

In advice to clients published today, Prust says that Sime will probably not succeed with its £122 offer and that it cannot easily afford to offer more.

But Guthrie has little cause to rejoice over the 10-page report since Prust estimates the corporation's net asset value to be 430p per share, only just above the 425p per share bid by Sime and well below the £5 to £6 value ascribed to Guthrie by some of its supporters.

Prust says the offer and defence documents still to be issued may modify its views, but in the meantime the substantial Capital Gains Tax liability which would be incurred by long-term holders of Guthrie may deter them from accepting Sime's all-cash offer. Also many holders of Guthrie shares may want to keep a substantial stake in plantations and a take-over of Guthrie would narrow the field. It is doubtful whether Sime can offer the share alternative necessary to overcome these problems, according to Prust.

Arlington pays £725,000 for Northampton Car Auctions

BY TIM DICKSON

Arlington Motor Holdings, the truck, bus and car distributor, has broken new ground by entering the car auction market.

The group announced yesterday that it has agreed to acquire the assets of Northampton Car Auctions for £725,000 in cash.

Arlington is the first publicly quoted company to buy into this rapidly expanding business which is best typified by the highly *successful British Car Auction* Group. Most other car auctions are small locally-based operations.

Commenting on the acquisition Arlington chairman Mr. Norman Housden said his company's financial backing and more widely known reputation would assist future growth at NCA.

Mr. Housden also indicated that if successful the new venture could well lead to bids for other car auctions.

In particular Arlington, which is predominantly a distributor of commercial vehicles, is interested in the future development of bus and truck auctions.

NCA, which began trading in 1975 and operates from a 3.75-acre site on the Brackmills Industrial Estate, Northampton, recorded pre-tax profits for the year to May, 1978, of £101,000.

On information currently available, taxable profits for the year to May 1979 are anticipated to be in the region of £200,000.

In the year to March last year, Arlington turned in profits of £1.2m (£0.65m) on sales up from £31m to £43m. Growth slowed somewhat at the interim stage but the company is still confident of "a very satisfactory outturn" in the current year.

BEREC

Berec Group, which runs the Ever Ready battery business, is poised to purchase the outstanding shares in its 64.7 per cent owned South African subsidiary.

Shares in Ever Ready South Africa were suspended on the Johannesburg stock exchange yesterday pending an offer for the minority holding from Berec.

At the suspension price of 200 cents the South African subsidiary is valued at R17.6m (£10.1m). Last year Ever Ready SA generated marginally higher pre-tax profits of R6.3m (£3.6m) but this year has been involved in an industrial dispute over recognition of a union for coloured workers.

EMI

EMI is not to buy the outstanding 12.2 per cent of its 87.8 per cent owned French subsidiary, Pathe-Marconi EMI. It is understood that the group has considered purchasing the minority holdings but has now decided not to pursue this at this stage.

DEXION SELLS BROADWELL

Dexion-Comino International, the storage and handling engineer, announces that agreement, subject to contract, has been reached for Broadwell Buildings, to become wholly-owned by Amsteel Structural.

Broadwell Buildings has been a wholly-owned subsidiary of Dexion for the past nine years. The prime business of Dexion is storage and materials handling. Amsteel Structural has recently acquired the business of Graham Wood Structural.

The position of all Broadwell employees is assured and in the longer term it is considered that their best interest and that of the company will be better served within a group of companies whose main business is in structural steel.

SHARE STAKES

Grange Trust — Courtaulds Pensions Common Investment Fund is interested in 722,500 shares (7.5 per cent) registered in name of Courtaulds CIF Nominees.

Brown Shipley Holdings—Duncan Lawrie Investments bought further shares on January 12 to increase holding to 325,000 (5.9 per cent).

Fothergill and Harvey—Industrial and Commercial Finance Corporation has reduced holding by 33,333 shares to 491,110 (5.98 per cent).

BET grows by £5.4m at halftime to over £34m

INCLUDING A share of associated company profits up from £2.02m to £2.9m, British Electric Traction Company lifted taxable earnings for the half year to September 30, 1978, by £5.37m to £34.39m.

In October the directors said that the group had shown a mixed start to the current year but the trend was in the right direction and an advance over the £67m record surplus seen for 1977-78, was forecast.

iWth tax higher than normal at £18.31m (£16.5m), because of certain overseas losses which could not be offset against profits elsewhere, earnings for the half-year per 25p share improved by 2p to 8.4p. The net interim dividend is raised to 1.863p (1.684p)—last lear's final was 4.086p.

For the six months sales by the group whose interests include investment and propery; television rental; overseas broadcasting; passenger and freight transport; mining; independent television in the UK and films and television services, were up at £334.4m against £289.2m and trading profit reached £33.88m (£29.42m). Attributable surplus emerged at £12.33m (£9.39m).

● comment

With an 18.5 per cent pre-tax profit increase to £34.4m at the interim stage, BET is well on the way to achieving its forecast of a full year figure in excess of last year's £67m. A diversified conglomerate with no glamour profit spinners among its various operating divisions it looks capable of reaching a respectable £77m before tax for the full year. The shares, which moved up 1p to 112p yesterday, are on a very undemanding prospective p/e of 5.6 and a relatively attractive yield of 8.6 per cent. Depending on the length of the lorry drivers' strike its UK haulage operations could suffer, but they were well up at the halfway mark and are only a small part of total group activities. Road haulage in Africa is holding its own but Canadian Motorways' contribution will be down. There has been a strong recovery by Murphy Bros., the open-cast coal miner, and the printing and publishing division had a good first half.

Lincroft Kilgour tops £0.87m in difficult trading conditions

AS EXPECTED at the interim stage, profits of the Lincroft Kilgour Group, cloth merchant and menswear maker, at £875,170 for the year ended September 30, 1978, did not reach the record level of £1.04m achieved in the previous year.

Nevertheless, the directors consider the result satisfactory in view of the difficult trading conditions experienced in the latter part of the year. Profits at midway had increased from £365,000 to £424,000.

Earnings per 10p share are shown at 16.95p (18.78p) and the final dividend is 2.4p making a total of 3.9p against 3.5p. The final includes 0.035p in respect of the previous year due to the tax change.

	Year 1977-78 £	1976-77 £
Turnover	13,565,022	12,340,362
Trading profit	961,231	1,041,782
Investment income	31,131	38,344
Loan interest	17,332	29,189
Exchange losses	99,860	10,561
Profit before tax	875,170	1,040,376
Tax	50,297	130,977
Net profit	824,873	909,399
Minorities	12,482	9,360
Attributable	812,391	900,039
Extraord. debit	7,462	†2,113
To capital reserves	636	2,113
Dividends	186,885	167,238
Retained	617,418	732,801

Turnover for the advanced from £12.34m to £13.57m. After tax of £50,297 (£130,977) and minorities, the attributable profit is £804,303 compared with £900,039.

The group's freehold and long leasehold properties were revalued as at September 30, 1978, and resulted in a surplus of £482,392 (10.07p per share) being credited to capital reserves.

During the year, SSAP 12 was adopted and on this basis, depreciation for the current year would have been increased by £57,941.

Warner Estate reaches £1m mark

FROM TURNOVER of £5.34m compared with £4.98m profits before tax of Warner Estate Holdings advanced from £798,250 to a peak £1,006,781 for the year to September 30, 1978, with £435,239 against £388,389 coming in the first half.

After tax of £516,191 (£400,581) earnings are given up from 4p to 4.9p per 25p share, while a final dividend of 1.57403p net makes the maximum permitted 2.97403p (2.66333p) total.

Associated Paper up to £1.96m

DESPITE A six-month loss of £200,147 by George M. Whiley group, pre-tax profits of Associated Paper Industries were up from £1.8m to £1.96m in the year to September 30, 1978.

Excluding the Whiley loss, profits were up 20.5 per cent, and £1.3m was earned in the second half.

At the halfway stage, pre-tax profits were £838,258 on turnover of £16.43m.

Total sales in the year rose from £32.46m to £36.67m. Exports increased £1.2m to £3.5m.

Basic earnings per 25p share are stated at 15.9p (16.3p) and fully diluted earnings 13p (12.7p). The net final dividend is stepped up from 1.804p to 2.26752p, making a total of 3.47752p (2.904p) at a cost of £412,873 (£279,896).

Tax is £282,782 against £323,631. SSAP 15 has been applied and comparisons adjusted.

Brentnall Beard moves to stem Canadian losses

A LOSS of £526,188 for the year to September 30, 1978, together with a major reorganisation of group interests in Canada are announced by the directors of Brentnall Beard (Holdings). The loss compares with profits of *£1.02m in the previous year.*

Loss per share is shown at 6.8p against earnings of 5.4p and in the light of the year's results, no final dividend is being recommended. This leaves the interim of 0.572p as the only payment compared with the previous total of 1.277p which included a 0.746p final.

For the current year, the directors say that although a substantial turnround into profit is expected, they do not anticipate a return to past profit levels.

Following the Canadian reorganisation and related cost cutting the directors anticipate that Brentnall Beard (Canada) should move into a breakeven position this year and at the same time ensure a continuing flow of business into the London market through the group's main Lloyd's broker, Brentnall Beard International.

The principal objectives of the reorganisation are threefold:

● to consolidate control over the Canadian holding company, by acquiring the 47 per cent minority;

● by enabling executive directors to acjuire direct holdings in the companies for which they are responsible, to provide immediate incentive for and strengthen commitment of local management;

● by marginally reducing the group's attributable interest in two of its three operating subsidiaries, to achieve for them associate instead of subsidiary status.

The holding company, Follwell Insurance Holdings — renamed Brentnall Beard (Canada)—has reduced its holdings in its three operating subsidiaries by the sale of shares to companies owned by executives of those subsidiaries.

Consideration for the sale of *50 per cent of the wholly owned* Deslauriers, Wilkin and Associates, sold to 85862 Canada, was £135,600, of which £51,657 was paid last December and the balance payable in five annual instalments, starting on December 15 this year.

For the 36.9 per cent of the common shares in Brendall Beard Associates, £178,043 to be satisfied by the issue, credited as fully paid, of 413,593 10 per cent non-cumulative non-voting pre*ferred redeemable shares of* C$1 each in the capital of the purchaser, Wilpat Investments.

For 65 per cent of the shares in Follwell Underwriting Managers, £122,842 of which £64,572 was paid in December, 1978, a further £6,613 is payable in April, 1979, and the balance by three equal annual instalments commencing on December 31, 1979. The purchaser is Mertrad Management.

Brentnall Beard (Overseas), a wholly owned subsidiary of the group, has bought or contracted to buy the outstanding minority interests in Brentnall Beard (Canada).

Brentnall Beard (Canada) has also bought 22.5 per cent of its own share capital from two of the executive owned companies for £113,614 paid in cash last December.

Net losses for Deslauriers Wilkin and Follwell Underwriting in 1977-78 amounted to £203,756 and £188,824 respectively. Brentnall Beard Associates incurred losses of £116,057 in the year to February 28, 1978, and net liabilities of £418,477.

The overall effect of the transactions is to increase the group's attributable interest in Brentnall Beard (Canada) from some 46.1 per cent to 50 per cent and reduce its attributable interest in Deswil from 53 per cent to 50 per cent and in FUM from 53 per cent to 35 per cent.

● comment

With the announcement of a £1.5m turnround into the red it was surprising that shares in Brentnall Beard were only 2p down to 30p yesterday. Evidently losses, which all occurred in the second half, were running at about £760,000. The group blames Canada which in the previous financial year accounted for something like two-fifths of turnover and a quarter of profits.

Anti-inflation legislation in Canada—which hit premium rates—led to a drop in Canadian turnover of over a third. Moreover currency fluctuations on the Canadian dollar was exacerbated by the group financing the payment of claims on behalf of Lloyd's underwriters. Brentnall's special activity in the Canadian market is accepting insurances on behalf of Lloyd's underwriters through the use of binding authorities.

But it is difficult to see how the group can pull much out of the hat in terms of performance in the current year. The reorganisation should help in part but trading conditions worldwide are intensely competitive and premium rates are thinning.

Meanwhile the group is valued in the market at £2.3m and its own errors and omissions cover stands at £5m. Sentiment will be affected by the continuing Lloyd's inquiry into the affairs of Brentnall Beard International, the problems surrounding the Sasse syndicate, and the lack of dividend.

Mackinnon finishes lower at £401,000

THE FIRST half leap in taxable profit from £55,000 to over £222,000 achieved by Mackinnon of Scotland, knitwear manufacturer, was more than wiped out by a fall in performance in the second six months. The company finished the year to the end of October 1978 with surplus at £401,093, compared with a record £421,523 last time.

Board changes at EIH

FOUR DIRECTORS have resigned and four new ones have been appointed to *Edinburgh Industrial Holdings*, the troubled holding company with interests in oil and ship broking.

Shareholders at the annual meeting yesterday, were told that two of the directors going, Mr. de Naray and Mr. Aleman, have agreed to sell a large part of their shareholdings for a nominal considertion to Realtown. The purchaser has agreed to provide certain additional finance to the company, the meeting was told. The deal is not expected to impose an obligation to make an offer to all shareholders and the purchaser does not intend to make an offer.

Joining the Board are Mr. J. Levison, Mr. E. Landau, Mr. L. Faust and Mr. J. Bekhor. A. J. Bekhor and Co. is broker to the company. The other directors who are leaving are Mr. Bilton, the chairman, and Mr. A. Anish.

Shares of EIH were unchanged last night at 8p per share.

INVESTMENT TRUST COMPANIES

The information in the columns below is supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures, which are in pence except where otherwise stated, are unaudited.

Total Assets less current liabilities (1) £million	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges at nominal value (6)	Net Asset Value after deducting prior charges at market value (7)	Investment Currency Premium (see note g) (8)
	VALUATION MONTHLY			Pence except where £ stated (see note d)			
152.8	Alliance Trust	Ordinary 25p	29/12/78	7.1	284.8	293.4	32.1
67.6	Anglo American Securities Corpn.	Ordinary 25p	29/12/78	3.0	131.4	137.3	18.2
128.6	British Investment Trust	Ordinary 25p	29/12/78	4.85	193.5	196.8	23.2
27.2	Capital & National Trust	Ord. & "B" Ord. 25p	31/12/78	*4.6	172.6	175.5	18.3
†	Claverhouse Investment Trust	Ordinary 50p	29/12/78	†	†	†	†
11.4	Crossfriars Trust	Ordinary 25p	29/12/78	3.7	114.3	114.3	—
16.3	Dundee & London Investment Trust	Ordinary 25p	29/12/78	2.6	88.2	89.8	6.2
‡89.5	Edinburgh Investment Trust	£1 Deferred	31/12/78	6.75	282.4	297.8	20.4
44.6	First Scottish American Trust	Ordinary 25p	29/12/78	2.85	123.8	125.8	15.8
11.9	Grange Trust	Ord. Stock 25p	29/12/78	2.4	103.2	107.6	6.2
70.4	Great Northern Investment Trust	Ordinary 25p	29/12/78	3.87	137.6	140.2	10.5
65.0	Guardian Investment Trust	Ordinary 25p	29/12/78	3.9	109.8	114.3	8.8
32.7	Hume Holdings Ltd.	"A" & "B" Ord. 25p	31/12/78	*6.875	x90.8	x94.3	2.6
81.7	Investors Capital Trust	Ordinary 25p	29/12/78	2.0	103.0	108.8	14.7
24.2	Jardine Japan Investment Trust	Ordinary 25p	31/12/78	0.85	212.4	212.4	42.6
36.6	London & Holyrood Trust	Ordinary 25p	31/12/78	3.6	158.7	162.5	18.6
25.6	London & Montrose Investment Tst.	Ordinary 25p	31/12/78	5.9	258.5	262.8	31.7
45.4	London & Provincial Trust	Ordinary 25p	31/12/78	3.4	150.3	153.0	18.5
111.5	Mercantile Investment Trust	Ordinary 25p	29/12/78	1.25	x55.5	59.9	3.6
	Do. Do.	Conv. Debs. 1983	29/12/78	£4.50	£84.40	£89.90	£5.30
27.2	North Atlantic Securities Corpn.	Ordinary 25p	29/12/78	3.07	123.2	126.5	14.3
53.0	Northern American Trust	Ordinary 25p	29/12/78	3.05	133.1	136.4	17.8
7.7	Save & Prosper Linked Invest. Trust	Capital Shares	29/12/78	—	162.0	162.0	—
126.1	Scottish Investment Trust	Ord. Stock 25p	29/12/78	3.0	131.9	136.0	15.1
55.7	Scottish Northern Investment Trust	Ordinary 25p	29/12/78	3.36	129.8	138.2	10.9
105.1	Scottish United Investors	Ordinary 25p	29/12/78	1.6	97.5	100.7	14.5
50.5	Second Alliance Trust	Ordinary 25p	29/12/78	6.3	243.7	252.2	27.8
3.9	Shires Investment Co.	Ordinary 50p	2/ 1/79	8.464	153.0	153.0	—
†	Sterling Trust	Ordinary 25p	29/12/78	†	†	†	†
28.7	Technology Investment Trust	Ordinary 25p	29/12/78	2.6	142.8	144.1	15.5
†	United British Securities	Ordinary 25p	31/12/78	†	†	†	†
21.5	United States & General	Ordinary 25p	29/12/78	6.834	254.9	261.1	26.8
34.1	United States Debenture Corpn.	Ord. Stock 25p	29/12/78	3.52	115.0	119.4	12.5
	Do. Do.	Conv. Loan 1993	29/12/78	£5.00	£126.50	£131.50	£13.80
	Baillie Gifford & Co.						
122.7	Scottish Mortgage & Trust	Ordinary 25p	31/12/78	3.3	145.5	147.9	14.9
61.1	Monks Investment Trust	Ordinary 25p	31/12/78	1.5	66.0	66.8	6.3
15.6	Winterbottom Trust	Ordinary 25p	31/12/78	5.6	257.7	271.0	30.6
	Baring Bros. & Co. Ltd.						
40.4	Outwich Investment Trust	Ordinary 25p	27/12/78	1.625	68.6	72.4	5.3
23.3	Tribune Investment Trust	Ordinary 25p	19/12/78	1.4	87.5	87.7	10.0
	City Financial Administration Ltd.						
18.2	"Investing in Success" Equities	Ordinary 25p	29/12/78	2.904	234.9	238.4	26.4
	East of Scotland Invest. Managers						
44.1	Aberdeen Trust	Ord. Stock 25p	29/12/78	5.35	182.9	192.6	14.7
	Edinburgh Fund Managers Ltd.						
60.5	American Trust	Ord. & "B" Ord. 25p	29/12/78	*1.35	59.7	60.9	'5.1
21.5	Crescent Japan Investment Trust	Ordinary 50p	29/12/78	†	249.4	249.4	50.0
12.6	General Scottish Trust	Ordinary 25p	29/12/78	3.35	114.4	116.8	9.5
	Do. Do.	Conv. Loan 1995/2000	29/12/78	£5.50	£145.30	£148.30	£12.10
8.4	Wemyss Investment Co.	Ordinary £1	29/12/78	12.5	373.9	373.9	42.4
	Electra Group Services Ltd.						
174.5	Electra Investment Trust	Ordinary 25p	29/12/78	5.5	145.1	145.1	8.6
‡271.1	Globe Investment Trust	Ordinary 25p	29/12/78	5.5	155.3	155.5	8.8
	Do. Do.	Conv. Loan 1987/91	29/12/78	£5.50	£135.00	£135.20	£7.60
	Do. Do.	Conv. Loan 1985/90	29/12/78	£6.25	£178.60	£178.80	£10.10
†	Temple Bar Investment Trust	Ordinary 25p	29/12/78	4.75	†	†	†
	Do. Do.	Conv. Loan 1987/91	29/12/78	£6.00	†	†	†
	F. & C. Group						
19.9	Alliance Investment Co.	Ordinary 25p	31/12/78	3.0	146.6	151.0	14.8
†	Cardinal Investment Trust	Deferred 25p	31/12/78	3.9	†	†	†
	Do. Do.	Conv. Loan 1985/87	31/12/78	£6.00	†	†	†
7.2	F. & C. Eurotrust	Ordinary 25p	31/12/78	1.0	71.2	71.2	13.4
†	Foreign & Colonial Invest. Trust	Ordinary 25p	31/12/78	3.77	†	†	†
30.4	General Investors & Trustees	Ordinary 25p	31/12/78	4.0	146.4	151.1	12.5
	James Finlay Inv. Management Ltd.						
1.8	Provincial Cities Trust	Ordinary 25p	31/12/78	1.48	37.1	37.1	—
	Gartmore Investment Ltd.						
6.9	Altifund Ltd.	Income 50p	31/12/78	8.3	102.5	102.5	6.3
	Do. Do.	Capital 50p	31/12/78	0.415	276.1	276.1	6.3
25.2	Anglo-Scottish Investment Trust	Ordinary 25p	31/12/78	1.8	61.0	63.2	5.0
27.2	English & Scottish Investors	Ord. & "B" Ord. 25p	31/12/78	*2.45	96.9	102.7	4.3
7.4	Group Investors	Ordinary 25p	31/12/78	1.9	86.3	89.9	7.7
5.0	London & Gartmore Invest. Trust	Ordinary 50p	31/12/78	§1.0	87.4	92.5	14.4
10.7	London & Lennox Invest. Trust	Ord. & "B" Ord. 25p	31/12/78	*ac1.667	69.7	72.2	7.9
23.4	London & Lomond Invest. Trust	Ordinary 25p	31/12/78	2.7	104.4	106.8	7.8
10.7	London & Strathclyde Trust	Ordinary 25p	31/12/78	1.6	56.1	59.7	5.7
12.2	Meldrum Investment Trust	Ordinary 25p	31/12/78	1.35	60.7	60.7	0.4
	Gartmore Invest. (Scotland) Ltd.						
71.0	Scottish National Trust	Ordinary 25p	31/12/78	3.9	195.4	199.1	23.3
17.2	Glasgow Stockholders Trust	Ordinary 25p	31/12/78	2.4	134.2	138.4	16.7
	John Govett & Co. Ltd.						
85.6	Border & Southern Stckhldrs. Tst.	Ordinary 10p	29/12/78	1.7	82.8	84.3	8.9
37.6	Debenture Corporation	Ordinary 25p	29/12/78	†	88.3	90.2	5.8
12.7	General Stockholders Inv. Trust	Ordinary 12½p	29/12/78	2.3	153.9	165.8	23.2
‡21.7	Govett European Trust	Ordinary 25p	29/12/78	1.8	88.7	88.7	14.6
62.4	Lake View Investment Trust	Ordinary 25p	29/12/78	2.4	128.8	132.8	14.3
	Do. Do.	Conv. Loan 1973/98	29/12/78	£4.00	£171.70	£177.10	£19.10
65.0	Stockholders Investment Trust	Ordinary 25p	29/12/78	2.35	134.2	139.2	17.7
	G.T. Management Ltd.						
19.5	Berry Trust	Ordinary 25p	31/12/78	1.0625	94.3	94.3	10.4
	Do. Do.	Conv. Loan 1993	31/12/78	£4.25	£136.70	£136.70	£15.10
22.0	G.T. Japan Investment Trust	Ordinary 25p	31/12/78	2.0	222.0	222.0	22.0
	Do. Do.	Conv. Loan 1987	31/12/78	£8.50	£137.60	£137.60	£13.00
7.6	Northern Securities Trust	Ordinary 25p	31/12/78	3.45	168.3	174.2	16.0
	Hambros Group						
24.5	Bishopsgate Trust	Ordinary 25p	29/12/78	6.25	257.1	267.2	17.3
4.3	City of Oxford Investment Trust	Ordinary 25p	29/12/78	3.3	92.7	96.5	—
	Hambros Group (continued)			Pence except where £ stated (see note d)			
‡47.1	Hambros Investment Trust	Ordinary 25p	29/12/78	3.75	136.3	146.6	13.2
7.1	Rosedimond Investment Trust	Cap. Shares 25p	29/12/78	—	120.2	120.2	1.6
	Henderson Administration						
147.7	Witan Investment	Ord. & "B" Ord. 25p	29/12/78	*2.5	126.0	131.1	16.5
21.3	Electric & General Investment	Ordinary 25p	29/12/78	1.55	105.4	106.6	14.2
‡7.0	Greenfriar Investment	Ordinary 25p	29/12/78	†	130.9	130.9	16.5
6.6	Lowland Investment	Ordinary 25p	29/12/78	2.5	70.1	70.1	2.4
2.3	English National Investment	Prefd. Ord. 25p	29/12/78	1.93	35.0	36.0	—
	Do. Do.	Defd. Ord. 25p	29/12/78	2.82	64.8	68.9	—
	Philip Hill (Management) Ltd.						
20.5	City & International Trust	Ordinary 25p	31/12/78	4.7	131.0	135.9	7.9
11.2	General & Commercial Inv. Trust	Ordinary 25p	31/12/78	5.82	177.9	187.7	9.1
23.3	General Consolidated Inv. Trust	Ordinary 25p	31/12/78	†	110.2	113.0	5.6
130.6	Philip Hill Investment Trust	Ordinary 25p	31/12/78	7.9	235.4	238.3	6.8
5.6	Moorgate Investment Co.	Ordinary 25p	31/12/78	3.82	109.1	111.7	1.5
37.8	Nineteen Twenty-Eight Inv. Trust	Ordinary 25p	31/12/78	2.92	88.3	91.3	7.6
	Industrial & Commercial Fin. Corpn.						
10.8	London Atlantic	Ordinary 25p	29/12/78	3.5	89.9	91.4	3.2
6.9	North British Canadian	Ordinary 25p	29/12/78	2.95	94.0	94.0	0.5
	Ivory & Sime Limited						
†	Atlantic Assets Trust	Ordinary 25p	29/12/78	†	†	†	†
108.8	British Assets Trust	Ordinary 25p	29/12/78	2.6	93.3	98.8	14.0
†	Edinburgh American Assets Trust	Ordinary 25p	29/12/78	†	†	†	†
14.0	Viking Resources Trust	Ordinary 25p	29/12/78	1.1	120.8	120.8	14.0
	Keyser Ullmann Ltd.						
11.4	Throgmorton Secured Growth Tst.	£1 Cap. Loan Stock	29/12/78	—	—	170.0	—
46.1	Throgmorton Trust	Ordinary 25p	29/12/78	4.375	99.8	101.8	—
	Kleinwort Benson Ltd.						
28.1	British American & General Trust	Ordinary 25p	29/12/78	†	53.9	55.1	3.1
22.2	Brunner Investment Trust	Ordinary 25p	29/12/78	4.0	133.0	135.8	10.6
32.4	Charter Trust & Agency	Ordinary 25p	29/12/78	2.45	74.5	78.7	6.1
42.1	English & New York Trust	Ordinary 25p	29/12/78	†	98.5	100.2	8.1
4.7	Family Investment Trust	Ordinary 25p	29/12/78	4.5	106.0	108.0	0.1
3.1	Jos Holdings	Ordinary 25p	29/12/78	2.375	63.2	63.2	1.8
6.5	London Prudential Invest. Trust	Ordinary 25p	29/12/78	3.1	103.7	108.4	6.8
50.2	Merchants Trust	Ordinary 25p	29/12/78	2.9	93.1	98.6	9.8
	Lazard Bros. & Co. Ltd.						
‡51.8	Raeburn Investment Trust	Ordinary 25p	31/12/78	†	167.7	174.3	18.3
‡40.0	Romney Trust	Ordinary 25p	31/12/78	†	120.0	122.5	13.7
	Martin Currie & Co., C.A.						
10.8	Canadian & Foreign Invest. Trust	Ordinary 25p	31/12/78	3.85	150.3	154.1	17.1
†	St. Andrew Trust	Ordinary 25p	31/12/78	†	†	†	†
98.4	Scottish Eastern Investment Trust	Ordinary 25p	31/12/78	4.5	172.9	179.2	23.1
25.3	Scottish Ontario Investment Co.	Ordinary 25p	31/12/78	2.175	87.9	89.3	12.3
55.3	Securities Trust of Scotland	Ordinary 25p	31/12/78	6.85	232.1	252.0	29.0
	Murray Johnstone Ltd.						
46.8	Caledonian Trust	Ord. & "B" Ord. 25p	31/12/78	*1.85	106.3	110.0	17.4
70.4	Clydesdale Investment Trust	Ord. & "B" Ord. 25p	31/12/78	*1.9	101.7	104.5	16.8
17.4	Glendevon Investment Trust	Ord. & "B" Ord. 25p	31/12/78	*1.85	129.7	133.5	21.7
7.0	Glenmurray Investment Trust	Ord. & "B" Ord. 25p	31/12/78	*1.95	104.6	104.6	15.8
78.5	Scottish Western Investment	Ord. & "B" Ord. 25p	31/12/78	*2.2	126.4	131.6	20.4
25.5	Second Great Northern Inv. Trust	Ord. & "B" Ord. 25p	31/12/78	*2.0	115.0	118.7	19.3
	Schroder Wagg Group						
21.7	Ashdown Investment Trust	Ordinary 25p	29/12/78	4.05	186.1	192.5	22.4
	Do. Do.	*Conv. Loan 1988/93*	29/12/78	*£4.75*	*£130.20*	£134.70	*£15.70*
7.4	Australian & International Trust	Ordinary 50p	29/12/78	3.0	123.6	123.6	22.9
30.1	Broadstone Investment Trust	Ordinary 20p	30/11/78	5.15	198.0	206.0	19.3
	Do. Do.	Conv. Loan 1988/93	30/11/78	£4.50	£132.00	£137.30	£12.90
48.3	Continental & Industrial Trust	Ordinary 25p	29/12/78	6.4	255.5	265.8	15.0
30.7	Trans-Oceanic Trust	Ordinary 25p	29/12/78	5.5	235.6	242.1	30.8
	Do. Do.	Conv. Loan 1988/93	29/12/78	£4.50	£147.30	£151.30	£19.20
13.7	Westpool Investment Trust	Ordinary 25p	29/12/78	3.3	143.5	146.8	18.2
	Do. Do.	Conv. Loan 1989/94	29/12/78	£5.00	£129.10	£132.10	£16.40
	Stewart Fund Managers Ltd.						
†	Scottish American Investment Co.	Ordinary 50p	31/12/78	†	†	†	†
15.5	Scottish European Investment Co.	Ordinary 25p	31/12/78	1.5	57.5	57.5	5.8
	Touche Remnant & Co.						
108.5	Atlas Electric & General Trust	Ordinary 25p	29/12/78	1.9	85.6	88.7	5.2
31.8	Bankers' Investment Trust	Ordinary 25p	29/12/78	2.55	75.1	79.9	4.8
32.0	Cedar Investment Trust	Ordinary 25p	29/12/78	2.75	90.8	93.3	6.3
41.6	City of London Brewery	Deferred 25p	29/12/78	2.76	79.6	84.0	1.3
30.6	Continental Union Trust	Ordinary 25p	29/12/78	3.5	161.3	167.2	14.4
16.0	C.L.R.P. Investment Trust	Ordinary 25p	29/12/78	2.1	95.1	99.6	7.1
182.3	Industrial & General Trust	Ordinary 25p	29/12/78	1.75	74.2	76.5	5.6
41.1	International Investment Trust	Ordinary 25p	29/12/78	2.62	103.6	109.1	6.7
54.2	Sphere Investment Trust	Ordinary 25p	29/12/78	3.3	159.6	164.4	12.3
67.0	Trustees Corporation	Ordinary 25p	29/12/78	4.85	199.8	205.7	10.8
36.5	Trust Union	Ordinary 25p	29/12/78	3.4	147.3	151.7	8.9
	Williams & Glyn's Bank Ltd.						
‡14.5	Sizewell European Invest. Trust	Ordinary 10p	31/12/78	1.8	109.4	109.4	10.9
‡2.8	Atlanta Baltimore & Chicago	Ordinary 10p	31/12/78	0.75	63.9	63.9	4.5
‡3.4	West Coast & Texas Regional	Ordinary 10p	31/12/78	0.75	79.4	79.4	7.5
	VALUATION THREE-MONTHLY						
2.2	Lancashire & London Invest. Trust	Ordinary 25p	31/12/78	1.8	54.8	54.8	1.8
7.6	Oil & Associated Investment Trust	Ordinary 25p	31/12/78	2.0955	72.7	73.6	7.1
	Do. Do.	Conv. Loan Stock	31/12/78	£6.25	£163.60	£165.60	£15.90
11.9	Safeguard Industrial Investments	Ordinary 25p	29/12/78	4.0	101.7	103.5	—
8.6	Scottish Cities Investment Trust	Ord. & 'A' Ord. 25p	14/12/78	5.75	259.0	261.2	6.4
16.6	Yeoman Investment Trust	Ordinary 25p	31/12/78	7.59	240.7	246.6	11.0
	Do. Do.	Conv. Loan 1993	31/12/78	£4.50	£132.40	£135.60	£6.00
7.4	Young Companies Investment Trust	Ordinary £1	29/12/78	3.85	114.0	114.0	—
	East of Scotland Invest. Managers						
11.3	Dominion & General Trust	Ordinary 25p	30/11/78	8.5	245.3	255.6	21.2
28.6	Pentland Investment Trust	Ordinary 25p	30/11/78	4.05	151.1	155.6	14.4
	Rivermoor Mngmnt. Services Ltd.						
71.1	London Trust	Deferred 25p	29/12/78	ac4.65	ac125.5	ac129.2	ac8.0
	Do. Do.	Conv. Loan 1985/87	29/12/78	ac£6.00	ac£146.80	ac£151.20	ac£9.40

* Applies to Ordinary/"A" Ordinary only. † Company will announce year-end or interim results shortly. ‡ Change in the prior charges since the previous published figure. § Includes special dividend. ac Adjusted for scrip issue. ar Adjusted for rights issue. x See note (h) below. ⊕ Not directly comparable with previous published figure. B Dependent on "B" share conversions.

Notes:—

(a) Cols. 1, 6, 7 Quoted investments are valued at mid-market prices; unquoted at directors' valuation; both include 100 per cent. of any investment currency premium after taking into account the premium on any surplus or on any shortfall of foreign currency assets against foreign currency loans.

(b) Cols. 1, 6, 7 All revenue account items are excluded.

(c) Cols. 1, 6, 7 No account has been taken of any liability in respect of taxable gains which might arise on future disposal of investments.

(d) Cols. 5-8 Amounts are per share/stock unit or per £100 Convertible Loan Stock. Column 5 precisely stated; columns 6-8 to nearest one-tenth of a penny per share and 10p per £100 Convertible Loan Stock.

(e) Col. 5 Dividend is the last declared annual dividend or firm forecast, excluding imputation credit. Interest on loan stocks is stated gross of income tax.

(f) Cols. 6-7 Prior charges are deemed to include preference share capital.

(g) Col. 8 The amount per share/stock unit represented by 100 per cent. of the investment currency premium applied in calculating the valuation for Cols. 1, 6 and 7.

(h) Cols. 6-8 Convertible loan/preference stocks are treated in the way which produces the lower n.a.v. per share. Convertible stocks are treated as fully converted at the rate for the next conversion date; or where a figure is marked "x" as prior charges; warrants or subscription rights are treated as unexercised.

AITC

A free booklet "Investing in Investment Trust Companies" is available from The Association of Investment Trust Companies, Park House (6th Floor), Finsbury Circus, London EC2M 7JJ

Helping Western exporters to sell their goods to the Japanese

BY CHARLES SMITH, Far East Editor

THE JAPANESE know a lot about Europe, but Europe, including its businessmen, knows relatively little about Japan — and what it thinks it knows is often based on misconception or out-of-date information. This is the contention of a new book* which aims to bridge this knowledge gap and in the process to help Western exporters sell their goods in Japan. Whether or not it is true that foreign misconceptions, rather than Japanese unwillingness, have provided the main barrier to increasing Japan's imports of manufactured goods in the past few years, the book certainly succeeds in painting an intriguing picture of what makes the Japanese tick as consumers.

The notion is presented that Japan is one of the most homogeneous nations in the world, from a class as well as an ethnic point of view. Ninety per cent of the population "think they belong to the middle class," the book explains. They may be right, given that rapid economic growth has made Japan into a nation consisting overwhelmingly of salaried men spending or hoping to spend, a lifetime with the same employer.

The author says that the Japanese middle class was formed with unprecedented speed during the 1960s simultaneously with the explosive growth of the economy. Graduation into the middle class was denoted during this decade by possession of those consumer durables (cars, TV sets, air conditioners, etc.) which neighbours were also acquiring. This meant that, for a period of ten to 15 years, Japan's 110m people were engaged in a massive exercise of "keeping up with the Joneses."

Mass market

The demand for consumer durables which resulted from this process created the world's fastest growing mass market for such products, which in turn meant that Japanese industry was uniquely well placed to benefit from economies of scale. The book does not say so, but the foreign reader may deduce that the stress on uniformity rather than variety helped local mass producers of consumer goods a good deal more than it helped would-be importers of more diversified (and expensive) foreign products.

By the early 1970s Japanese buying habits had produced a situation where the foreign observer might have been forgiven for picturing the typical Japanese family as living "under a heap of consumer durables." By the early 1970s colour television had already reached 95 per cent of Japanese households, and today about a quarter actually own two colour TV sets. This does not mean, however, that Japan has become a genuinely affluent country. Housing standards remain exceedingly poor by Western standards, as do social amenities. Tokyo for example has about 1.4 square metres of park per inhabitant compared with London's 28 square metres.

The shock of the oil crisis in 1973, following a year or two of gradually increasing disillusionment with the results of rapid growth, turned the Japanese into a more thoughtful group of consumers, interested in variety and in the quality of life.

The book—which has been written by Dentsu Inc, Japan's largest advertising agency—implies that this is where the foreign businessman should seize his opportunity but omits to mention that during the first 18 months after the oil crisis Japan's imports of manufactured goods shrank so fast that opportunities were actually few and far between.

Selling to Japan nowadays requires a grasp of the various types into which Japanese consumers are beginning to divide themselves and of how best to reach them. Dentsu identifies eight main varieties of Japanese urban male consumer starting with the "typical salary man whose main characteristic is his characterlessness" (presumably this is the type who still measures his standard of living solely in terms of consumer durables) and ending with the "average Japanese traditionalist" who presumably is not too much interested in buying Western goods.

The loner

In between come more promising categories, such as the "fashionable epicurean" who is "apt to squander money" and "lives a rich and varied life," and the "spend-thrift, easy going young." A characteristically Japanese type, who might nevertheless be a promising target for importers, is the "appearance-oriented loner" who "buys first class imported goods as accessories even if the price is high." Dentsu claims to have indentified these and other categories of post-oil crisis Japanese consumers during a survey of the life-styles of 701 men in Tokyo conducted in 1974.

The last part of the book tackles the question of how the foreign businessman should reach his market once he has identified it. This is, possibly, the most controversial section given the criticisms normally levelled against the complexity of Japan's distribution system and its alleged functioning as a de facto non-tariff barrier. Dentsu says it is true that the system is "diverse" and in some respects old fashioned. (As an example of the latter point, Japan has almost as many workers in its retail distribution industry as the U.S., though its population is only half as large).

Dentsu also admits that Japanese retailers are often "closely affiliated" to manufacturers and that this can make life difficult for importers. (The same situation, ironically, faced Japanese electronics exporters on their first entry to the West German market). The book's general advice to would-be users of the Japanese distribution system can be summarised as: "Think hard before you act." There are many alternative strategies open to importers (for example, use of established wholesalers, distribution through a manufacturer making related but not competing products, establishing a wholly-owned sales company, etc.).

Many foreign companies which have tried and failed to penetrate the Japanese market might have succeeded "if they had been more prudent adventurers," says Dentsu. Case studies of such failures would have been an illuminating, if embarrassing, supplement to the book — perhaps more illuminating than the six studies of successful exporters which are included.

Dentsu ends by listing 10 fallacies about Japan and its market to which it considers Western exporters are particularly prone. They include the notions that Japan is just like Europe so that no special approach to its market is needed; that the Japanese love all European products so that the necessity for designing to suit Japanese consumer tastes can be ignored; that it is easy to recruit skilled staff in the Japanese labour market (actually all the best people are already working for Japanese companies); and that returns on marketing investments made in Japan can and should be rapid.

Success stories

Dentsu might have included an 11th fallacy—that getting into the Japanese market can be done for as little or less than it costs elsewhere. Actually Japan would appear to be one of the most expensive and time-consuming markets to which any businessman could possibly devote his attention. But as the handful of success stories quoted in the book demonstrates, it can also be one of the most rewarding.

* *Marketing opportunities in Japan, by Dentsu Incorporated. McGraw-Hill (UK) £10.*

FOOD PRICE MOVEMENTS

	January 18 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton ...	1,140	1,140	1,140
British A.1 per ton ...	1,110	1,110	1,110
Irish Special per ton...	1,110	1,110	1,110
Ulster A.1 per ton‡ ...	1,110	1,110	1,110
BUTTER			
NZ per 20 kg	—	—	12.61/13.40
English per cwt†	81.65	81.65	81.11
Danish salted per cwt†	80.98	80.98/83.72	80.98/83.72
CHEESE¶			
NZ per tonne	—	—	—
English cheddar trade per tonne	—	—	—
EGGS*			
Home produced:			
Size 4	4.50/5.00	3.10/3.40	3.00/3.20
Size 2	5.30/5.60	3.90/4.20	3.90/4.00
	January 18 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	60.0/65.0	—	—
Eire forequarters	40.0/44.0	46.0/48.0	—
LAMB			
English	58.0/64.0	58.0/63.0	—
NZ PLs/PMs	—	—	—
PORK (*all weights*)	35.0/46.0	35.0/46.0	35.0/46.0
POULTRY			
Broiler chickens	36.0/38.0	36.0/38.0	33.0/38.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery January 20-27.

Companies and Markets

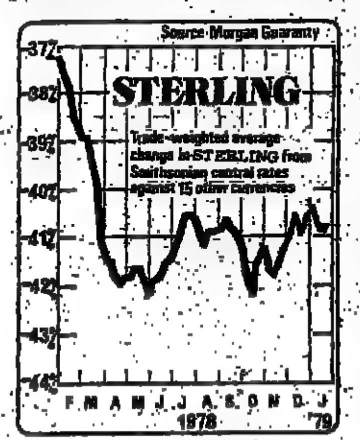
CURRENCIES, MONEY and GOLD

Dollar falls in nervous trading

The dollar continued to lose ground in the foreign exchange market yesterday, despite support from some central banks. The dollar once again appears to be suffering from a bad attack of nerves, so that when the Bundesbank unexpectedly announced a 5 per cent minimum reserve ratio increase and a jump in the Lombard rate to 4 per cent, the U.S. unit fell sharply to close at DM1.8350 having at one stage been up to DM1.8425. Similarly the Swiss franc finished at SwFr 1.6637½, having dipped to Sw.Fr 1.6775 and against a previous close of SwFr 1.6712½.

On Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation widened to 9.1 per cent from 9.0 per cent. Using Bank of England figures, its index fell from 83.7 to 83.5.

Sterling opened at $1.9990-2.000 and eased to $1.9975 during the morning when the dollar was at its best. This probably prompted a little intervention



by the Bank and with the dollar weakening in the afternoon, the pound reached its best level of $2.0125. The dollar's weakness seemed to offset the concern over recent industrial unrest, and the pound closed at $2.0095-2.0105, a rise of 35 points. Its trade weighted index gave a clearer overall picture, falling to 63.3 from 63.4 and having stood at 63.3 at noon and 63.2 in the morning.

PARIS — The dollar lost ground to most major currencies yesterday following moves by the Bundesbank to tighten liquidity. The U.S. currency steadily weakened despite central bank support and finished at FFr 4.2175 compared with FFr 4.2275 earlier in the day and FFr 4.2350 on Wednesday.

ZURICH — In quiet trading the dollar showed a slightly firmer trend during the morning and was quoted at SwFr 1.6770 from SwFr 1.6727 earlier. Sentiment appeared to be rather improved with many dealers looking towards next week's statement by President Carter.

7¼/8

AMSTERDAM—The dollar was fixed at Fl 1.9915 yesterday compared with Wednesday's level of Fl 1.9820.

FRANKFURT—The dollar was fixed at DM 1.8435 yesterday compared with DM 1.8360 on Wednesday, although this was before any announcement by the Bundesbank on any credit policy changes and the market was rather nervous up to this point. Soon after the increase in minimum reserve ratios and the Lombard rate, the D-mark rose sharply against the dollar to DM 1.8400 from DM 1.8460 before. In later trading the U.S. unit fell further to DM 1.8347 in sometimes hectic trading and touched a low ponit of DM 1.8305.

TOKYO—The weaker tendency of the dollar in Europe on Tuesday continued yesterday in Tokyo although it recovered in later trading to Y196.85, a slight rise from Y196.775 on Wednesday. After opening at Y196.50, the U.S. unit touched Y196.45 before recovering to a high point of Y196.90. Trading was described as being rather quiet with no major developments affecting the market. Turnover in the spot market totalled $369m and $184m for forward deals. Swap trading accounted for $612m.

THE POUND SPOT / FORWARD AGAINST £

Jan. 18	Ba'k rate %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	9½	1.9975-2.0125	2.0095-2.0105	0.42-0.32c. pm	2.20	1.10-1.00c. pm	2.08
Canadian$	11¼	2.3770-2.3920	2.3890-2.3910	0.50-0.40c. pm	2.26	1.50-1.40c. pm	2.42
Guilder	6½	3.96-4.00	3.98-3.99	2-1c. pm	4.44	6¾-5¾ c. pm	6.27
Belgian F	6	58.10-58.40	58.20-58.30	25-15 c. pm	4.12	65-55 c. pm	4.12
Danish K	8	10.21-10.27	10.24½-10.25½	par-2 ore dis	1.17	½-2¾ ore dis	−0.68
D mark	3	3.66½-3.70½	3.68¾-3.69¾	5½-2½ pf pm	9.75	9¼-8¼ pf pm	9.49
Port. Esc.	18	92.50-94.00	93.45-93.95	45-95 c. dis	−8.34	70-230 c. dis	−6.18
Span. Pes.	8	139.25-140.50	140.10-140.30	10-80 c. dis	−3.85	85-165 c. dis	−3.85
Lira	10½	1,664-1,678	1,676¾-1,677¼	1½ lire pm-½ dis	0.89	5 lire pm-par	0.37
Nrwgn. K.	7	10.10½-10.15½	10.14½-10.15½	5½-3½ ore pm	3.32	9½-7½ ore pm	4.00
French Fr.	9½	8.44-8.49	8.47½-8.48½	4½-3½ c. pm	5.66	11-10 c. pm	4.95
SwedishKr	6½	8.66-8.73	8.71½-8.72½	4-2ore pm	4.13	11-9ore pm	4.59
Yen	3½	390-400	394½-396½	3.85-4.15y pm	11.83	11.10-11.45 y pm	11.36
AustriaSch	4½	26.85-27.15	26.97-27.02	25-15 gro pm	8.89	55-45 gro pm	7.40
Swiss Fr.	1	3.33-3.37½	3.34-3.35	4-5 c. pm	12.56	11½-10½ c. pm	12.85

Belgium rate is for convertible francs. Financial franc 59.30-59.40.

Six-month forward dollar 1.70-1.84c pm, 12-month 3.25-3.40c pm.

THE DOLLAR SPOT AND FORWARD

Jan. 18	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canada†	84.04-84.11	84.06-83.09	0.04-0.02c dis	−0.28	0.06-0.08c dis	−0.16
Nethlnd.	1.9810-1.9922	1.9810-1.9830	0.50-0.45c pm	2.72	1.84-1.78c pm	3.44
Belgium	28.94-29.11	28.99-29.01	6-5c pm	1.83	20-18c pm	2.35
Denmark	5.0975-5.1175	5.0975-5.1000	1.25-1.75ore dis	−3.41	3.50-4.00ore dis	−2.90
W. Ger.	1.8320-1.8444	1.8340-1.8355	1.15-1.10pf pm	7.45	3.44-3.39pf pm	7.64
Portugal	46.55-46.70	46.55-46.65	28-38c dis	−8.50	50-115c dis	−7.08
Spain	69.78-69.95	69.70-69.75	15-30c dis	−3.74	75-95c dis	−4.81
Italy	833.60-835.25	834.40-834.90	0.90-1.30lire dis	−1.51	2.60-3.25lire dis	−1.38
Norway	5.0390-5.0600	5.0450-5.0470	1.70-1.30ore pm	3.57	3.30-2.90ore pm	2.43
France	4.2125-4.2365	4.2125-4.2175	1.00-0.80c pm	2.56	2.90-2.70c pm	2.65
Sweden	4.3250-4.3380	4.3365-4.3375	1.00-0.80ore pm	2.41	3.00-2.80ore pm	2.65
Japan	196.40-197.50	196.70-196.90	1.70-1.55y pm	9.58	4.70-4.55y pm	9.39
Austria	13.41-13.51	13.44-13.45	6.75-5.75gro pm	5.39	18.00-15.25gro pm	5.03
Switz.	1.6600-1.6788	1.6600-1.6630	1.54-1.49c pm	10.56	4.67-4.62c pm	10.99

† U.S. cents per Canadian $.

CURRENCY RATES

January 17	Special Drawing Rights	European Unit of Account
Sterling	0.644604	0.679306
U.S. dollar	1.30617	1.36636
Canadian dollar	1.54163	1.62326
Austrian schilling	17.4367	18.3468
Belgian franc	37.5889	39.5633
Danish krone	6.63250	6.96500
Deutsche Mark	2.56901	2.70470
Guilder	2.37977	2.50658
French franc	5.46854	5.76329
Lira	1075.64	1133.04
Yen	254.827	267.962
Norwegian krone	6.53918	6.87688
Peseta	90.4079	95.1408
Swedish krona	5.67112	5.90355
Swiss franc	2.15012	2.27373

CURRENCY MOVEMENTS

January 18	Bank of England Index	Morgan Guaranty changes %
Sterling	63.35	−40.8
U.S. dollar	83.49	−9.1
Canadian dollar	78.80	−18.5
Austrian schilling	147.74	+20.1
Belgian franc	114.91	+15.3
Danish krone	119.11	+7.4
Deutsche Mark	151.05	+42.5
Swiss franc	194.63	+82.1
Guilder	125.13	+21.1
French franc	100.18	−5.8
Lira	54.15	−49.3
Yen	146.29	+44.6

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Jan. 18	£	$		£ Note Rates
Argentina Peso	2057-2097	1023-1043	Austria	26½-27½
Australia Dollar	1.7530-1.7580	0.8753-0.8765	Belgium	59-60
Brazil Cruzeiro	42.05-43.05	20.92-21.42	Denmark	10.21-10.31
Finland Markka	7.91-7.94	3.9500-3.9520	France	8.45-8.55
Greek Drachma	71.726-73.480	35.68-36.58	Germany	3.67-3.77
Hong Kong Dollar	9.5425-9.5625	4.7620-4.7640	Italy	1,660-1,710
Iran Rial	153.70-163.70	76½-81½	Japan	395-405
Kuwait Dinar (KD)	0.551-0.561	0.2741-0.2791	Netherlands	3.95-4.05
Luxembourg Frs.	58.20-58.30	28.98-29.00	Norway	10.10-10.20
Malaysia Dollar	4.410-4.420	2.2050-2.2060	Portugal	91-100
New Zealand Dlr.	1.8890-1.8990	0.9420-0.9442	Spain	143½-147½
Saudi Arab. Riyal	6.59-6.69	3.2786-3.3284	Switzerland	3.30-3.40
Singapore Dollar	4.3350-4.3450	2.1665-2.1675	United States	2.0050-2.0100
Sth. African Rand	1.728082-1.752244	0.8587-0.8718	Yugoslavia	39.5-42.5

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Jan. 18	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.010	3.689	395.5	8.480	3.345	3.985	1677.	2.390	58.25
U.S. Dollar	0.498	1.	1.836	196.8	4.219	1.664	1.983	834.5	1.189	28.98
Deutsche mark	0.271	0.545	1.	107.2	2.299	0.907	1.080	454.7	0.648	15.79
Japanese Yen 1,000	2.528	5.082	9.327	1000.	21.44	8.458	10.08	4241.	6.043	147.3
French Franc 10	1.179	2.370	4.350	466.4	10.	3.945	4.699	1978.	2.818	68.69
Swiss Franc	0.299	0.601	1.103	118.2	2.535	1.	1.191	501.4	0.714	17.41
Dutch Guilder	0.251	0.504	0.926	99.25	2.128	0.839	1.	420.9	0.600	14.62
Italian Lira 1,000	0.596	1.198	2.199	235.8	5.0.6	1.994	2.376	1000.	1.425	34.73
Canadian Dollar	0.418	0.841	1.543	165.5	3.548	1.400	1.667	701.8	1.	24.37
Belgian Franc 100	1.717	3.451	6.333	679.0	14.56	5.742	6.841	2879.	4.103	100.

EURO-CURRENCY INTEREST RATES

Jan. 18	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	11⅝-12	10⅛-10⅜	8½-9½	7¼-8	par-⅛	3⅞-5⅛	7½-8½	12-16	—	—
7 day's notice	11⅝-11⅞	10¼-10½	8½-9½	7¼-8	par-⅛	3-3¼	[illegible]	11-12	10¼-10⅜	−¼-¼
Month	13-13⅝	10⅜-10⅝	10⅛-10⅞	7¼-8	par-⅛	3¼-3½	8-8½	12¼-13¼	10⅝-10¾	⅛-1⅛
Three months	13¾-14	11⅛-11¼	10¾-11⅛	7⅝-7⅞	par-⅛	3½-3⅝	8½-9	13½-14½	11¼-11⅜	1½-2
Six months	14-14¼	11⅞-12⅛	10⅞-11⅛	7⅝-7⅞	⅜-⅝	3⅞-4	9-9½	14-15	11⅞-12	2½-2⅞
One year	13⅞-14⅛	11⅞-12	10⅞-11⅛	7⅝-7⅞	½-⅝	4⅛-4⅜	9¾-10¼	14¼-15¼	11½-11⅝	2⅝-3

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.50-10.60 per cent; three months 11.00-11.10 per cent; six months 11.55-11.65 per cent; one year 11.50-11.60 per cent.

Long-term Eurodollar deposits: two years 10⅞-11⅛ per cent; three years 10¼-10½ per cent; four years 10¼-10½ per cent; five years 10¼-10½ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Belgium cuts short-term rates

The Belgian National Bank yesterday announced further interest rate reductions by cutting the rates on short-term Treasury certificates. One-month paper now stands at 8.25 per cent compared with 8.75 per cent previously, two-month at 8.50 per cent from 9.0 per cent. This follows Monday's decision to reduce the Lombard rate to 8 per cent and the discount rate for "B" quotas, and represents a further easing of credit conditions compared with the rather tight situation a few months ago.

Deposit rates for the Belgian franc (commercial) showed very little movement with one- and three-month deposits unchanged at 8¾-9¼ per cent. The six-month rate was also quoted at 8¾-9¼ per cent, up from 8½-9 per cent on Wednesday. 12-month deposits remained at 8½-9 per cent.

FRANKFURT—Following increasing concern over the high level of liquidity in the market, the Bundesbank announced a 5 per cent increase in minimum reserve ratios from February 1. This would effectively swallow up around DM3bn. The announcement came after the Bank's fortnightly council meeting and had not been widely anticipated because, at the same time, the Lombard rate was increased to 4 per cent from 3½ per cent, effective today.

Interbank money rates showed a rather mixed trend with call money rising to 3.0-3.1 per cent from 2.95-3.05 per cent and one-month money unchanged at 3.5-3.55 per cent. The three-month rate rose from 3.6-3.65 per cent to 3.7-3.75 per cent but six-month money was quoted at 3.75-3.85 per cent against 3.8-3.85 per cent. The 12-month rate stood at 4.2-4.3 per cent compared with 4.2-4.25 per cent.

NEW YORK—Fed funds were trading at 10-10½ per cent yesterday, little changed from Wednesday; 13-week Treasury bills were quoted at 9.45 per cent from 9.44 per cent earlier and 26-week bills stood at 9.56 per cent against 9.55 per cent. One-year bills rose from 9.60 per cent to 9.61 per cent.

PARIS—Call money was unchanged at 7 per cent yesterday but longer term rates all showed an easier tendency. One-month money fell to 6 7/16-6 11/16 per cent from 6½-6¾ per cent, as did the three-month rate to 6 7/16-6 11/16 per cent from 6½-6¾ per cent. Six-month money was quoted at 6 11/16-6 15/16 per cent compared with 6¾-7 per cent and 12-month money slipped to 7 3/16-7 7/16.

AMSTERDAM — Interbank money rates showed no clear trend, with call money falling to 7¾-8 per cent from 8-8¼ per cent and one-month money unchanged at 8-8¼ per cent.

GOLD

Stronger tendency

GOLD continued to improve in the London bullion market yesterday in the wake of a further fall in the dollar. It closed at $231-231½, a rise of $2½ an ounce. The metal opened at $227-227½ and was fixed at $227.80 during the morning and $231.75 in the afternoon. Trading was described as fairly active, although New York came very much in line with the London close.

In Paris the 12½ kilo bar was fixed at FFr 31,050 per kilo ($228.20 per ounce) compared with FFr 31,100 ($228.87) in the morning and FFr 30,750 ($226.69) on Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 13,530 per kilo ($228.25 per ounce) against DM 13,315 ($225.47) previously.

	Jan. 18	Jan. 17
Gold Bullion (a fine ounce)		
Close	$231-231½	$228½-229
Opening	$227-227½	$226½-227
Morning fixing	$227.80 (£113.815)	$225.00 (£111.874)
Afternoon fixing	$231.75 (£115.270)	$227.25 (£113.144)
Gold Coins, domestically		
Krugerrand	$244½-246 (£121½-122½)	$239½-241 (£119-120½)
New Sovereigns	$64½-66½ (£32-33)	$64-66 (£32-33)
Old Sovereigns	$66-68 (£32¾-33¾)	$65½-67½ (£32½-33½)
Gold Coins, internationally		
Krugerrand	$237-239 (£118-119)	$235-237 (£117½-118½)
New Sovereigns	$60-62 (£29¾-30¾)	$59½-61½ (£29½-30½)
Old Sovereigns	$66-68 (£32¾-33¾)	$65½-67½ (£32½-33½)
$20 Eagles	$297½-299½	$295-297
$10 Eagles	$162½-167½	$162½-167½
$5 Eagles	$105-110	$105-110

UK MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 12½ per cent (since November 9, 1978)

Day to day credit ended up in fairly short supply in the London money market yesterday, although not enough to warrant the moderate amount of Treasury bills that the authorities bought all direct from the discount houses. However, every little helps considering that today promises to be rather short. The market was faced with a fairly large excess of revenue transfers to the Exchequer over Government disbursements and a small net take up of Treasury bills. On the other hand there was a modest decrease in the note circulation and banks brought forward balances a small amount over target.

Discount houses were paying up to 11½ per cent for secured call loans at the start but closing balances were taken as low as 9 per cent.

In the interbank market, overnight loans opened at 12-12¼ per cent and quickly fell to 11¼-11¾ per cent on the unexpected flat forecast. Rates then recovered to 11½-11¾ per cent but came back in early afternoon to 9-9½ per cent. After fluctuating between 9½ per cent and 11 per cent, closing balances were taken at 11-11½ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Jan. 18 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	8-12½	—	—	—	12¼-12⅝	9-11⅝	—	—	—
2 days notice	—	—	11¾-11⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	12⅜-12½	—	—	—	—
7 days notice	—	11¾-12¼	12	—	12¼	—	11-11¼	—	—	—
One month	12⅛-11⅞	12-12⅛	12	12-12⅜	12⅜	12⅜-12½	11⅝-11¾	11 13/16	12 1/32	12¼
Two months	12⅛-12⅛	12-12⅜	—	12-12⅜	12½	—	11⅞	11 13/16	12⅛	12½
Three months	12½-12⅜	12⅜-12⅜	12⅝	11⅞-12¼	12¾	12¾	12	11 13/16-11 15/16	12¼	12⅝
Six months	12⅞-12	12⅛-12⅛	12½	11⅞-12¼	12⅞	—	—	—	12 1/16-12½	13
Nine months	12⅜-12⅜	12⅜-12½	—	12-12⅛	12⅝	—	—	—	—	—
One year	12¼-12⅛	12⅛-12⅛	12	12-12⅜	12⅝	—	—	—	—	—
Two years	—	—	12⅛	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rates nominally three years 12½-12¾ per cent; four years 12⅞-12⅞ per cent; five years 12⅞-13 per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅜-12½ per cent; four-month trade bills 12¾ per cent.

Approximate selling rates for one-month Treasury bills 11 25/32-11½ per cent; two-month 11⅝-11 25/32 per cent; three months 11 25/32-11¼ per cent. Approximate selling rate for one-month bank bills 11 25/32-11 13/16 per cent; two-month 12-11 13/16 per cent; and three-month 12½-12⅛ per cent; one-month trade bills 12½ per cent; two-month 12⅝ per cent; and also three-month 12⅝ per cent.

Finance House Base Rates (published by the Finance Houses Association) 12½ per cent from January 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent. Clearing Bank Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 11.7955 per cent.

MONEY RATES

NEW YORK

Prime Rate	11.77
Fed. Funds	10.0625
Treasury Bills (13-week)	9.45
Treasury Bills (26-week)	9.56

GERMANY

Discount Rate	3
Overnight Rate	3.05
One month	3.525
Three months	3.725
Six months	3.80

FRANCE

Discount Rate	9.5
Overnight	7.0
One month	6.625
Three months	6.65625
Six months	6.71875

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.75
Bills Discount Rate	4.625

LEGAL NOTICES

No. 002624 of 1978

In the HIGH COURT OF JUSTICE Chancery Division. In the Matter of KILLINGHALL TIN LIMITED and in the Matter of THE COMPANIES ACT 1948.

NOTICE IS HEREBY GIVEN that an Order of the High Court of Justice (Chancery Division) dated the 11th December 1978 confirming the reduction of the Capital of the above-named Killinghall Tin Limited from £160,000 to £10,000 and the Minute approved by the Court showing with respect to the Capital of the above-named Company as altered the several particulars required by the above-mentioned Act was registered by the Registrar of Companies on the 11th January 1979.

Dated the 15th day of January 1979.

STEPHENSON HARWOOD,
Saddlers' Hall,
Gutter Lane,
London,
EC2V 6BS
Solicitors to the above-named Company.

No. 002967 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Group A. In the Matter of WARWICK ENGINEERING INVESTMENTS LIMITED and in the Matter of THE COMPANIES ACT 1948.

NOTICE IS HEREBY GIVEN that a Petition was on Friday the 15th day of December 1978 presented to Her Majesty's High Court of Justice (a) for the sanctioning of a Scheme of Arrangement and (b) for the confirmation of the reduction of the capital of the above named Company from £1,350,000 to £1,072,916.40p in accordance with the terms of the said Scheme of Arrangement AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Vinelott at the Royal Courts of Justice, Strand, London WC2, on Monday the 29th day of January, 1979. Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose. A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitors on payment of the regulated charge for the same.

Dated this 12th day of January 1979.

EDGE & ELLISON HATWELL
PRITCHETT & CO.,
Rutland House,
148 Edmund Street,
Birmingham B3 2JR.
Solicitors for the above named Company.

No. 0040 of 1979.

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of UDASQUINS PROPERTY CO. LIMITED and in the Matter of THE COMPANIES ACT, 1948.

NOTICE IS HEREBY GIVEN that a petition for the winding up of the above-named Company by the High Court of Justice was on the 8th day of January 1979, presented to the said Court by THE COMMISSIONERS OF INLAND REVENUE, of Somerset House, Strand, London, WC2R 1LB and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, on the 12th day of February 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel, for that purpose, and a Copy of the Petition will be furnished to any creditor or contributory of the said Company requiring the same by the undersigned on payment of the regulated charge for the same.

ERIC MOSES,
Solicitor of Inland Revenue,
Somerset House,
Strand,
London, WC2R 1LB.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post, to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 9th day of February, 1979.

DAGENHAM PLANT HIRE LIMITED and IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-mentioned Company, which is being voluntarily wound up, are required, on or before the 28th day of February, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned PHILIP MONJACK, FCA, of 3/4 Bentinck Street, London, W1A 3BA the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 5th day of January, 1979.

PHILIP MONJACK, FCA, Liquidator

IN THE MATTER OF J. W. GREER COMPANY LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 9th day of February 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned GEORGE FREDERICK COCKERELL, of Abacus House, Gutter Lane, Cheapside, London EC2V 8AH, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 15th day of January, 1979.

GEORGE F. COCKERELL, Liquidator.

THE COMPANIES ACTS 1948 TO 1976
J. LEWIS & SON (WALTHAMSTOW) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act, 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO. situated at 3/4 Bentinck Street, London, W1A 3BA on Tuesday, the 23rd day of January, 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 5th day of January, 1979.

By Order of the Board.
MICHAEL LEWIS, Director.

CLUBS

APPOINTMENTS

PUBLIC NOTICES

BRIGHTON BOROUGH COUNCIL

£1.5m Bills issued 17th January, 1979, due 18th April, 1979 at 11 49/64%. Total applications £4.8m. No other Bills outstanding.

CITY OF EDINBURGH D.C.

£1.5m Bills issued 17th January, due 18th April, 1979, at 11 ¾%. Applications totalled £9m. £3.5m Bills outstanding.

CITY OF LIVERPOOL BILLS

£6,990,000 Bills due 18 April, 1979 issued 17 January, 1979, at a rate of discount of 11 17/32% per annum. These Bills were tendered for £58,920,000. Similar amount Bills repaid on 17 January, 1979 and are the only City of Liverpool Bills outstanding.

JOHN HILL, Treasurer of the City.

DERBY CITY COUNCIL BILLS

£1,150,000 due 18th April, 1979, issued 17th January, 1979, at rate of 11 49-64% per annum. Applications totalled £4,650,000. These are the only Bills outstanding.

ROTHERHAM METROPOLITAN BOROUGH

£1m Bills issued 17.1.79, at a rate of 11 ¾%, to mature 18.4.79. Total applications were £8m and total outstanding £3m.

TORBAY BOROUGH COUNCIL

£0.52m Bills, placed 17th January, due 18th April, 1979, at 11⅞%. Only Bills outstanding.

LEGAL NOTICE

IN THE MATTER OF TOWER TAVERN (ALDERSHOT) LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 20th day of February, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned KEITH DAVID GOODMAN, FCA, of 3/4 Bentinck Street, London W1A 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 9th day of January, 1979.

K. D. GOODMAN, FCA, Liquidator.

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INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

American Motors maintains up-trend

By John Wyles in New York

AMERICAN MOTORS Corporation's spectacular success with its Jeep utility vehicle gathered pace in the last quarter, when net income was close to 14 times higehr than in the same period last year.

Yesterday's report from AMC on the first quarter—to December 31—fiscal year consolidates the trend towards better profitability which became evident in its last earnings report. Having reorganised its extremely weak passenger car division in order to reduce its losses while at the same time boosting jeep output, AMC's figures increasingly reflect the heavy demand for the utility vehicle. In the last quarter Jeep sales were 42 per cent higher than the year before, while passenger car sales were down by 8.5 per cent.

As a result the company's first quarter net income was $26.2m (86 cents per share), compared with $1.9m (6 cents per share). The latest period included credits of $7.3m compared with $600,000 last year. Sales rose from $559m to $715m.

The earnings and sales totals were a quarterly record for the company, which is dwarfed in size by its Detroit rivals, General Motors, Ford and Chrysler. This latest report will not quench speculation about the future of AMC's passenger cars which are holding less than 2 per cent of the domestic market. On this front, however, the company is looking for big benefits from the marketing agreement with Renault announced earlier this month.

This will bring at least two Renault cars into AMC showrooms by the end of next year, and will generate so called showroom traffic, which AMC claims will improve sales of its cars. In addition, the company has reduced prices on its new small car design, the spirit the performance of which has been disappointing since its introduction last October.

Big jump at Rockwell

PITTSBURGH—Rockwell International, the aerospace products manufacturer, reports a 50 per cent gain in first quarter net profits to $64.7m or 1.83 a share against $41.7m or $1.19 a share for the first quarter of the previous fiscal year. Turnover was up to $1.51bn from $1.32bn.

The company attributed the improvement to "substantial" earnings' gains by the company's automotive and electronics business. Its orders backlog, excluding unfunded aerospace orders, grew to $3.1bn from $2.8bn. But its total backlog declined to $3.7bn from $4.1bn. Agencies

Texas Oil growth

Texas Oil and Gas Corporation increased net earnings from 77 cents to 88 cents a share in the first quarter, with total net 34 per cent higher at $19m. Sales, however, showed only a minor gain, from $164.4m to $167.2m.

National Airlines earnings benefit from new routes

BY JOHN WYLES IN NEW YORK

NATIONAL AIRLINES, currently the takeover target of three other U.S. carriers, yesterday announced a 280 per cent surge in net earnings last year on a more modest 17 per cent increase in revenues.

National is the first of the major U.S. carriers to have published its 1978 earnings and it fulfils expectations stemming from last year's startling increase in passenger travel. The Air Transport Association reported from Washington yesterday that total domestic and international scheduled traffic on U.S. arlines grew by 17.7 per cent in 1978 compared with an 8 per cent rise the year before.

In Calendar 1978, National's operating revenues grew from $536.87m to $630.45m and its net income from $6.42m, or 75 cents per share, to $18.3m, or $2.14 per share. This is the Miami-based airline's best profits performance for four years and new international services started last yearappear to have made a major contribution. In May, the airline started a service from Florida to Amsterdam and Frankfurt and in December from New York to Amsterdam. Preliminary analysts' estimates suggest that National's traffic growth on these routes to Holland has been greater than that of the state-airline KLM.

National's financial year runs from June, and in the quarter ending December 31, net earnings rose by more than 60 per cent from $1.7m to $2.8m, or from 20 cents a share to 33 cents a share. This took the air line's half-year earnings more than 300 per cent higher than the year before, from $1.5m, or 18 cents a share, to $5.41m or 63 cents per share. Quarterly revenues rose from $139m to $155.1m and those for the half-year from $271m to $312.1m.

National flew 27 per cent more revenue passenger miles last year than the year before with only a 5 per cent increase in capacity. The percentage of seats occupied jumped from 47.6 per cent to 57.1 per cent, a rate of increase which will prove to be well above the U.S. industry's average.

These figures are bound to increase the attsactions of acquiring control of National to the three airlines which are currently seeking Civil Aeronautics Board approval, Texas International Airlines, Pan American World Airways and Eastern Airlines. National has agreed on a $41 per share proposal with Pan Am.

Litigation costs hit Westinghouse

BY DAVID LASCELLES IN NEW YORK

WESTINGHOUSE, THE large electrical engineering company, yesterday reported increased profits for 1978, but also revealed that costs arising out of its uranium litigation will be at least $55m.

With last quarter earnings at $88.1m (or $1.02 per share), on sales of $1.8bn, year-end figures climbed to net income of $31.2m or $3.59 per share on sales of $6.7bn. These compared with 1977 earnings of $271.3m or $3.10 per share on sales of $6.1bn.

But Westinghouse said that extraordinary losses resulting from the uranium case in 1978 were $45.8m, which reduced the final net to $256.4m, or $2.96 per share.

In adition, it said it would charge the latest uranium settlement with two Swedish utilities to the 1978 final quarter, if it is approved. It did not say how much money was involved, only the amougt of uranium: 2.9m lbs.

Westinghouse is being sued by a large number of ultilities for its unilateral abrogation of urnanium supply contracts in 1975 when the cost of the metal rocketed on world markets. Westinghouse claimed that unusual market conditions nullified the contracts, but it has reached out of court settlements with several utilities covering, so far, about a quarter o fthe uranium involved.

Including the uranium losses of $20.6m in 1977, the case has already cost the company over $75m in lost profits.

The Robert Kirby, company chairman, said yesterday that all three of the company's operating divisions had contributed to the rise in 1978 earnings, the biggest rise coming from the public systems company. The Westinghouse Credit Corporation, an unconsolidated financial subsidiary, also made a god showing, the company said.

Steel outlook brightens in U.S.

BY STEWART FLEMING IN NEW YORK

GROWING OPTIMISM about the outlook for the U.S. steel industry was reinforced today by Mr. Lewis Foy, the chairman of Bethlehem Steel, the nation's second largest producer.

Mr. Foy said the company's 1978 results, to be reported shortly, would show a "very definite improvement" and predicted that demand for steel in 1979 would be maintained at the 1978 level.

Mr. Foy's remarks coincide with a marked upturn in investor interest in steel stocks since the beginning of the year, many of which have risen by 15 per cent and more.

A buoyant fourth quarter earnings report from Republic Steel earlier this week has reinforced confidence in the demand for steel stocks. Republic discosed that it s fourth quarter earnings rose 163 per cent to $39.4m on a modest 18 per cent rise in sales revenues.

The increase, sharper than some analysts had predicted, brought the company's earnings for the year to $111m or $6.86 a share from $41m in 1977 or $2.54 a share.

Some steel industry analysts predict that 1979 could see further strong earnings gains after the 1978 recovery from the seriously depressed conditions a year earlier.

Mr. Peter Marcus, a steel analyst with brokers Paine Webber Mitchell and Hutchins, in a report released in mid-September, forecast earnings in 1979 as up 20 per cent, while a "high end" of the range forecast for 1980 suggested earnings gains of a further 50 per cent in that year.

Mr. Foy, the Bethlehem chairman, cited several factors to back up a reasonably optimistic outlook for 1979. The first half of the year should be strong with steel shipments close to current levels. While the outlok for the second half was less certain the high operating levels in the industry should be maintained by demand from the construction and machinery industry, even if the economy slows down, he said.

Mr. Foy's main worries are the danger of a rapid reduction in current steel stocks at some point, or continued high levels of steel imports, which he says will reached a record 21m tons in 1978 compared with 19.3m tons in 1977.

But some analysts say that strong world-wide steel demand, particularly in Japan and West Germany, will help make the U.S. a less attractive export market, especially since the dollar devaluation has brought U.S. steel production costs down to Japanese levels in yen terms.

Strong rise in profits at Chase Manhattan

By Our New York Correspondent

CHASE MANHATTAN, the second largest New York bank, yesterday reported a 60 per cent rise in earnings for all of 1978 and, underlining its recovery from setbacks in 1975 and 1976, has raised its quarterly dividend from 55 cents to 60 cents a share.

Chase said that its earnings for the year rose by $74m to $197.2m, or from $3.71 to $5.59 a share. For the fourth quarter of 1978, earnings were $58.7m, or $1.67 a sare, a rise of 62 per cent on the $36.2m or $1.06 a share returned for the corresponding period of 1977.

In the third quarter last year, Chase earned $50.3m.

The bank said that the principal factors accounting for the fourth quarter earnings improvement were higher net interest income, mainly from strong domestic loan demand, and increased other operating income.

The bank's shares ended the day $1⅛ higher at $32⅛.

Bankers Trust makes headway

By Our New York Correspondent

RISING NET interest income and strong foreign exchange earnings have contributed to a 36.6 per cent gain in earnings at Bankers Trust New York Corporation, one of the leading New York commercial banks.

The Bank reported today that net income before securities transactions for 1978 was $82.5m or $6.47 a share, compared with $60.4m or $4.95 a share.

In the fourth quarter, net income rose 11.9 per cent compared with the same period of 1977 to $21.6m against $19.3m a year ago.

The Bank pointed out that the fourth quarter earnings in 1977 were increased by $1.8m through the sale of certain minority investments.

For the year as a whole, the Bank's foreign exchange income increased by $10.1m to $26.2m.

● Western Bancorp, a leading Californian bank, reported an increase of 26.7 per cent to $40.7m in net earnings for the final quarted of the year, bringing the year's net total to $167.2m, a gain of 36.8 per cent.

EUROMARKETS

A question of control

BY NICHOLAS COLCHESTER

DURING the past few months, therehas been a renewed tendency to discuss supervision of the Euromarkets—the markets in which currencies are deposited and lent without being repatriated—and whether concerted action by Governments central banks is needed to regulate these markets in the same way that domestic banking markets are controlled.

This topic appears to emerge and fade with the degree of disquiet in the international capital and monetary markets. The siege of the dollar has led to a revival, and it is not surprising that it is West Germany and the U.S., the two countries most immediately affected by the dollar's troubles, which are chiefly responsible for it.

This week the vice president of the German Bundesbank, Herr Karl Otto Poehl, asserted that the $500bn pool of Eurocurrency credits must be brought under control as one of the measures needed to restore stability to the dollar.

The allegation that the Euromarkets increase the amount of liquidity that is available to fuel speculation in the currency markets is only one of the charges levelled against them. The second charge is that they can develop in a way which encourages participating banks to lend imprudently and thus court disaster.

The third, which is a corollary of the second, is that banks drawing upon the Eurocurrency markets can provide loans which are imprudent for the borrower. Because the supply of funds from this market can short-circuit the rather limited supply of funds from official monetary agencies like the IMF, the fear is that developing countries can borrow beyond their means without the constraints which would be attached to official loans.

Out of these three fears, only the second—the possibility of imprudent banking—is one that is widely accepted as a cause for legitimate concern. The tide of academic opinion seems to be running against the idea that the Euromarkets in some way generate liquidity to fuel speculation. Detractors of the imprudent borrowing argument point out what a constructive role the Euromarkets played in tiding many countries over in the wake of the oil shock.

If the need to control Eurocurrency lending is accepted, there are two ways in which this can be brought about. First, banks can be regulated by banking centres—that is, the banks operating in any country can be controlled by the central bank or banking authority of that country on an internationally consistent basis.

The second option is that central banks or banking

> Disquiet in the international capital markets arises from allegations that Euromarkets increase liquidity and thus fuel currency speculation; that they can lead to imprudent lending; and that they also make for imprudent borrowing.

authorities insist that the parent banks under their control extend those controls to include their international branch networks.

The disadvantage of the first approach is that small and adventurous banking centres are unlikely to be interested in an international rule book. The advantage of the second is that if the parent banks from the major industrialised countries agreed to a consistent approach to bank lending, a large proportion of Eurocurrency lending would, for a time at least, be brought under control.

The trend, slow though it is, heads currently in the direction of control via the parent. The U.S. made conspicuous progress in increasing its surveillance of the foreign bank ing activities of U.S. banks. The German manking authorities are waging a difficult campaign to gain insight into the figures of the Luxembourg subsidiaries of the big German banks.

The Bank of England is now adamant that British banks may not open banking operations in overseas centres unless it can have sufficient access to the banking figures of those operations. The Bank is, to be sure, also undertaking a lot of surveillancea nd some control on a "banking centre" basis. Its officials feel, nonetheless, that it is through the parent banks that some degree of international bank regulation can best be obtained.

These trends are consistent with the declaration by central banks after the Herstatt disaster in 1974. They hinted then that each central bank would be willing to stand behind the subsidiaries of the parent banks under its control.

The question remains whether the principle of surveillance via the parent can be extended to include a set of rules or objectives which are accepted by al lthe important banking nations. Even the need for such a move is disputed at present.

It is possible that the central banks might agree to limit lending to a particular country on a case by case basis. But if it come to a more general set of rules, the Bank of England, for one, is going to need a great deal of convincing.

The Bank of England believes that each central bank or banking authority should continue to control its parent banks in its established and particular way. In the matter of currency speculation, which has prompted this renewed debate, the Bank of England looks for a solution to the US, the country in conspicuous deficit, and to West Germany, the country in conspicuous surplus, rather than to some indefiniable solution in the international banking system as a whole.

EUROBONDS

Eurofima raises DM10m

BY FRANCIS GHILES

A NEW DM100m issue for Eurofima, in the foreign Deutsche-Mark sector of the Eurobond market was announced yesterday by Deutsche Bank. The borrower, the European company for railway financing, will pay a 6¼ per cent coupon on this ten-year issue. The bonds, which have an average life of eight years are expected to be priced at 99½.

Meanwhile, Westdeutsche Landesbank postponed two offerings in th ecalendar of new DM issues it had planned at the end of this week. One was expected to be a DM40m private placement for a Spanish company, the other a DM100-150m straight issue for an unknown borrower. No explanation was available for the cancellations.

The DM100m issue for Nippon Telephone and Telegraph was expected to be priced late last night. The indicated pricing of 99½ was expected to be increased to 100, with other indicated terms unchanged, because of strong demand.

Prices in the Deutsche-Mark sector were a shade easier yesterday with the volume of trading down for the second day running.

Three borowers are currently arranging bonds in the Swiss Franc sector of the market. The Asian Development Bank will float a SwFr 100m 15-year bond with a coupon of 3¾ per cent through Swiss Bank Corporation from January 24-29. This bond has been priced at 99.

ICI Finance NV will float a SwFr 230m 15-year bond with a coupon of 3½ per cent through the same bank from January 26 to February 2. This bond has been priced at 99.

The third issue, for Heron Corporation, totals SwFr 35m for ten years with a coupon of 4½ per cent. The bond, which has been priced at par, is repayable in March, 1989, but there are provisions for early repayment of the whole amount of the issue on payment of various premiums.

The dollar sector of the international bond markets was slack yesterday, with the exception of the floating rate note sector.

U.S. QUARTERLIES

ARCHER DANIELS MIDLAND	1978	1977
Second quarter	$	$
Net profits	17.62m	14.25m
Net per share	0.53	0.43
Six months		
Net profits	27.69m	28.07m
Net per share	[illegible]	0.85

BANCAL TRI-STATE	1978	1977
Fourth quarter	$	$
Net profits	4.57m	2.68m
Net per share	1.02	0.76
Year		
Net profits	15.68m	7.38m
Net per share	3.65	2.10

CHAMPION INTERNATIONAL	1978	1977
Fourth quarter	$	$
Revenue	875.7m	769.6m
Net profits	47.16m	43.66m
Net per share	0.91	0.87
Year		
Revenue	3.48bn	3.13bn
Net profits	202.75m	161.56m
Net per share	4.05	3.21

CONTINENTAL ILLINOIS	1978	1977
Fourth quarter	$	$
Net profits	47.28m	41.55m
Net per share	1.21	1.16
Year		
Net profits	158.72m	144.20m
Net per share	4.51	4.05

FIRST CITY BANCORP OF TEXAS	1978	1977
Fourth quarter	$	$
Net profits	14.03m	12.36m
Net per share	1.25	1.12
Year		
Net profits	52.09m	41.85m
Net per share	4.67	3.78

PACIFIC GAS AND ELECTRIC	1978	1977
Fourth quarter	$	$
Revenue	1.04bn	90.6m
Net profits	96.68m	65.39m
Net per share	0.96	0.75
Year		
Revenue	3.43bn	3.5bn
Net profits	318.25m	283.39m
Net per share	3.20	3.15

PACIFIC LIGHTING	1978	1977
Fourth quarter	$	$
Revenue	475.3m	414.0m
Net profits	19.57m	17.98m
Net per share	0.76	0.71
Year		
Revenue	1.75bn	1.47bn
Net profits	79.68m	69.84m
Net per share	3.12	2.76

RCA	1978	1977
Fourth quarter	$	$
Revenue	[illegible]	1.66bn
Net profits	75.2m	65.5m
Net per share	0.99	0.86
Year		
Revenue	6.65bn	5.92bn
Net profits	278.4m	247m
Net per share	[illegible]	3.23

PENNWALT	1978	1977
First quarter	$	$
Revenue	231.95m	208.03m
Net profits	10.52m	11.42m
Net per share	1.06	1.15
Year		
Revenue	921.4m	834.9m
Net profits	44.97m	41.73m
Net per share	[illegible]	4.23

ROADWAY EXPRESS	1978	1977
Year	$	$
Revenue	985m	802m
Net profits	[illegible]	46.6m
Net per share	[illegible]	2.28

SANTA FE INDUSTRIES	1978	1977
Fourth quarter	$	$
Revenue	571.9m	482.9m
Net profits	50.32m	[illegible]
Net per share	1.70	1.30
Year		
Revenue	2.10bn	1.85bn
Net profits	165.25m	158.48m
Net per share	5.38	5.39

STAUFFER CHEMICAL	1978	1977
Fourth quarter	$	$
Revenue	324.5m	275.2m
Net profits	33.8m	32.4m
Net per share	1.54	1.49
Year		
Revenue	1.33bn	1.23bn
Net profits	126m	116m
Net per share	5.76	5.32

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on January 18

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Age Akt. 9¼ 88	25	94	94½	−0⅛	+0¼	10.21
Australia 8.45 83	175	95⅜	95⅞	0	−0¼	9.33
Australia 9¼ 93	75	96⅞	97¼	0	0	9.72
Beatrice Foods 7¾ 83	100	93	93½	−0⅛	0	9.73
CECA 8¾ 87	50	93⅞	94½	−1½	−0¼	9.84
CECA 9 93	25	96⅝	96⅞	0	+0½	9.47
CECA 9¼ 98	25	96	98½	0	+0⅛	9.44
CECA 9¾ 84-98	50	96	96½	−0⅛	+0⅛	9.78
CNT 9 93	75	94½	94⅞	−0⅛	+0⅛	9.73
Canada 8 83	250	93⅞	94⅜	0	+0⅛	9.57
Canada 8.20 85	250	92⅞	93⅜	+0⅛	+0⅛	9.84
Canada 9 83	400	97⅜	97⅞	−0⅛	+0⅛	9.86
Canada 9¼ 98	250	97⅜	97⅞	0	0	9.74
Canadair 8½ 83	70	93⅞	94⅜	−0⅛	+0⅛	10.19
Dominion Bridge 9 88	25	94¾	96¼	−0⅛	+1	9.97
EIB 9½ 98	125	95⅜	95⅞	+0⅛	+0⅛	9.89
Eksportfinans 9 88	50	95¼	95¾	0	+0⅛	9.85
Finland 8¾ 83	100	96	96½	+0⅛	+0⅛	10.02
Finland 9 88	100	94⅞	95⅜	+0⅛	+0⅛	10.01
Hospital O/S 9 83	25	96⅜	97⅛	−0	+0⅛	9.84
Ital Finance 9½ 90	50	93	93½	0	+1⅛	10.78
J. C. Penney 8½ 83	100	95	95½	−0⅛	+0⅛	9.82
NZ Dev. Fin. 8¾ 83	20	93⅜	94⅛	0	+0⅛	9.85
NZ Dev. Fin. 8⅞ 85	20	93½	94	+0⅛	+0½	9.72
Nat. West. 9 86	75	96⅝	97⅛	−0⅛	+1⅛	8.58
Newfoundland 9½ 90	50	96⅜	96⅞	−0⅛	+0⅛	9.78
Nord Inv. Bk. 8¾ 86	25	95¼	95¾	−0⅛	0	9.51
Norges Komm. 9¼ 98	75	95¼	96	0	−0⅛	9.86
Norsk Hydro 9¼ 94	50	95⅜	95⅞	−0⅛	−0⅛	9.79
Norway 7⅞ 83	250	92⅝	92⅞	−0⅛	+0⅛	10.05
Norway 8¾ 83	150	96⅜	96⅞	+0⅛	+0⅛	9.53
Occidental 8⅞ 85	75	92¾	93¼	0	+0⅛	10.53
Ont. Hydro 8½ 85	125	93⅜	93⅞	−0⅛	+0⅛	9.88
Quebec Hydro 9½ 93	50	96⅞	97⅜	−0⅛	+0⅛	9.90
Sweden 9¼ 98	125	96½	97	0	+0⅛	9.87
UK 8½ 85	200	93¾	95¼	+0⅛	+0⅛	9.80
UK 8⅞ 93	150	95⅜	95⅞	−0⅛	0	9.08

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 6½ 88	150	95⅞	96½	−0⅛	0	7.06
Australia 6 88	250	100⅞	101⅜	−0⅛	0	5.89
Austria 5½ 90	150	94⅞	95⅜	−0⅛	−0⅛	6.44
Bankamerica 5¾ 90	150	98⅞	99⅜	−0⅛	−0⅛	5.87
Bq. Ext. Algerie 7¾ 85	100	96⅞	97⅜	−0⅛	−0⅛	7.83
Brazil 7¼ 87	150	100⅞	101	−0⅛	−0⅛	7.12
CECA 6 88	150	96⅞	97⅜	0	−0⅛	6.40
Canada 4¾ 83	600	98⅞	98⅞	−0⅛	−0⅛	5.20
Ch. Manhttn O/S 6 93	100	100½	101	−0⅛	−0⅛	5.92
Commerzbank WW 3½	100	104⅝	105	−0⅛	+0⅛	2.93
Commerzbank XW 3½	100	82⅛	82⅞	−0⅛	0	5.97
Copenhagen City 6 90	75	94	94½	−0⅛	−0⅛	6.72
Council of Europe 6⅛	100	97⅞	85⅜	0	−0⅛	6.37
Council of Europe 6⅛	130	98⅜	98⅞	+0⅛	+0⅛	6.44
EIB 6 90	300	95⅞	96⅜	−0⅛	−0⅛	6.49
Finland 6 83	150	98⅞	99⅜	+0⅛	+0⅛	6.15
Hitachi Ship 5¾ 83	50	100⅜	100⅞	−0⅛	−0⅛	5.60
IBJ 5 84	100	98	98½	−0⅛	−0⅛	5.38
Indonesia 7 84	100	97⅜	97⅞	−0⅛	−0⅛	7.57
Kobe, City of 5¾ 86	100	101½	102⅛	+0⅛	+1½	5.41
Mexico 6 85	200	97½	98	−0⅛	−0⅛	6.45
Mitsubishi Petro. 5¾ 85	100	100⅞	101⅜	−0⅛	−0⅛	5.54
New Zealand 6⅛ 87	200	99⅛	99⅝	−0⅛	−0⅛	6.35
Nippon Steel 5¾ 85	100	100½	101	0	−0⅛	5.80
Nordic Inv. Bk. 6¾ 86	80	98⅛	98½	−0⅛	−0⅛	6.55
Norges Komm. 6 90	100	96⅞	97⅜	0	−0⅛	6.35
Norway 4¾ 83	250	96⅞	97⅜	0	−0⅛	5.18
Norwegn. Ind. Bk. 6 90	125	97⅜	97⅞	0	−0⅛	6.30
Occidental 6¾ 90	150	97⅜	97⅞	0	−0⅛	7.05
OKB 6½ 88	100	101⅜	101⅞	−0⅛	−0⅛	6.29
Petroleo Brazil 7 88	100	99	99½	−0⅛	−0⅛	7.10
PK Banken 5¾ 88	100	93⅜	93⅞	−0⅛	−0⅛	6.73
Quebec, Prov. of 6 90	150	93⅞	95⅜	0	−0⅛	6.64
Ricoh 5¾ 83	30	99⅜	99⅞	−0⅛	−0⅛	5.34
Spain [illegible]	200	94	94½	−0⅛	−0⅛	6.85
Statoil 6 88	150	97⅜	98⅜	−0⅛	−0⅛	6.26
UDS Group 5¾ 83	65	97⅜	97⅞	−0⅛	−0⅛	6.38
Union Bank-Finn 6½ 88	50	96½	97	−0⅛	−0⅛	6.96
Venezuela 6½ 90	150	94⅛	94⅝	−0⅛	−0⅛	7.20
World Bank 6⅛ 88	400	97⅜	98⅛	−0⅛	−0⅛	6.56

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5¼ 88	40	104½	104⅞	−0⅛	0	4.63
Amer. Exp. Int. 3¼ 93	40	100½	100⅞	+0⅛	0	3.45
Arlberg Tunnel 4 93	40	101½	101⅞	−0⅛	0	3.85
Austria 3½ 93	100	98	98½	+0⅛	+0⅛	3.67
Brazil 4¾	100	98	98½	+0⅛	−0⅛	4.49
Chase Manhattan 4 93	70	104⅛	104⅞	+0⅛	+0⅛	3.58
Council of Europe 4¼	100	102½	102⅞	−0⅛	+0⅛	3.97
Bankamerica 3¾ 93	20	101⅞	102⅜	+0⅛	+1⅛	3.57
BNDE 5 88	75	102½	102⅞	+0⅛	+0⅛	4.65
Denmark 4½ 90	100	104⅛	104⅝	+0⅛	+0⅛	4.03
Denmark-Mortgage Bk.	20	103½	104	−0⅛	+0⅛	4.08
EIB 4¼ 93	100	102	102½	−0⅛	−0⅛	4.05
Euratom 4¼ 93	80	102⅛	102⅝	0	−0⅛	4.04
F. L. Smidth 4½ 88	75	102⅞	103⅜	+0⅛	0	4.14
Finland 4½ 93	80	103⅛	103⅝	−0⅛	−0⅛	4.19
First Chicago 3½ 93	70	97⅜	99⅜	0	+0⅛	3.59
GZB 4¼ 93	100	102⅞	103⅜	+0½	+0⅛	4.15
Hilti-Liechenstein 4¾	25	104⅞	105⅛	0	0	3.79
ICI Fin. NV. 4¼ 93	100	104⅛	104⅝	0	+0⅛	3.88
Malaysia 4¾ 90	80	100⅜	100⅞	0	+0⅛	4.71
Manitoba 4 93	100	103	103⅜	0	−0⅛	3.71
Newag 4 93	70	101½	102	−0⅛	−0⅛	3.84
Norges Komm. 4¼ 90	100	103½	103⅞	0	+0⅛	3.85
OKB 4 93	80	100⅞	101⅜	0	−0⅛	3.91
Oy Nokia 5 90	20	104⅛	104⅝	−0⅛	+0⅛	4.50
Safo 4¼ 93	30	102½	102⅞	−0⅛	−0⅛	4.00
Sandvik 4 90	85	101⅞	102⅜	+0⅛	+0⅛	3.78
Scas 4½ 88	15	104⅛	104⅝	−0⅛	−0⅛	3.94
Voest-Alpine 4½ 93	100	103⅛	103½	+0⅛	−0⅛	4.18
Vorarlberg Kraft 4 93	30	101⅛	102	−0⅛	−0½	3.83
Vienna 4 93	100	101⅛	101½	+0⅛	−0⅛	3.87
World Bank 4¼ 93	250	102⅛	102⅝	+0⅛	+0⅛	4.02

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 5¾ 88	15	96⅞	97⅜	0	−0⅛	6.20
BFCE 6.4 90	30	96	96	0	0	7.10
Eurofima 6.3 90	10	96	97	0	0	6.86
Norway 5.7 83	25	100⅛	101⅛	0	0	5.44
Sweden 6.3 90	40	94⅞	95⅜	+0⅛	+0⅛	7.05

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Rank O/S Hold. 11½ A$	12	95	96½	0	+0¼	12.76
Auto Cote B. 7 93 EUA	16	94⅛	95⅛	−0⅛	−0⅛	7.80
Copenhagen 7 93 EUA	30	94⅛	94⅞	−0⅛	−0⅛	7.84
Finland Ind. 7 93 EUA	15	94⅞	95	−0⅛	−1	7.83
Komm. Inst. 7½ 93 EUA	15	97⅛	98⅛	0	−0⅛	7.74
Panama 8¼ 93 EUA	20	196	98⅛	+0⅛	0	8.70
SDR France 7 93 EUA	22	96⅛	97⅛	+0⅛	−0⅛	7.37
Algemene Bk. 8¼ 83 Fl	75	95	95⅛	+0⅛	+0⅛	7.53
Brazil 7½ 83 Fl	75	94⅛	95½	+0⅛	+0½	8.65
CFE Mexico 7¼ 83 Fl	75	97⅛	98⅛	+0⅛	+0⅛	8.34
EIB 7¾ 85 Fl	75	95	95⅛	+0⅛	+0⅛	8.18
Neder. Midd. 6½ 83 Fl	75	93⅞	94⅛	0	+0½	8.10
New Zealand 6¾ 84 Fl	75	94½	95⅛	+0⅛	+1½	7.93
Norway 6½ 83 Fl	100	94⅛	95⅛	+0⅛	+0⅛	8.01
OKB 6½ 85 Fl	75	91⅛	92⅛	+0⅛	+0⅛	8.16
Elf Aquitaine 9¾ 88 FFr	150	99⅜	100	+0⅛	+0⅛	9.78
EIB 9¾ 88 FFr	200	99½	100	0	+0½	9.78
Unilever 10 85 FFr	100	101⅞	102⅛	0	+0⅛	9.63
BAT 8 88 LuxFr	250	96	97	+0⅛	+0⅛	8.54
Bayer Lux. 8 86 LuxFr	250	96⅝	97⅛	+0⅞	+0⅛	8.54
EIB 7¾ 88 LuxFr	250	96⅛	97	+0½	+0⅞	8.28
Finland I. F. 8 88 LuxFr	250	96⅛	97½	+0⅛	+0⅞	8.44
Norway 7¾ 83 LuxFr	250	97⅛	97⅞	+0⅛	+0⅛	8.42
Norges Km. 8 88 LuxFr	500	199	100	0	0	8.06
Renault 7¾ 88 LuxFr	500	97⅛	97⅞	0	−0⅛	8.13
Solvay Fin. 8 86 LuxFr	500	100⅛	101⅛	−0⅛	−0⅛	7.80
Swedish Bk. 8 88 LuxFr	500	99⅛	99⅞	−0⅛	0	8.07
Gestetner BV 11 88 £	10	88½	89⅛	−0⅛	+1½	13.11
Whitbread 10½ 90 £	15	84⅛	86½	−0⅛	−0½	13.08

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
American Express 82	0¼	99⅛	98⅞	20/4	10⅝	10.68
Arab Intl. Bk. M6.5 83	0⅞	95⅞	96⅜	31/1	9½	9.75
BFG Fin. Co. M5.5 88	0¼	98⅛	98⅝	12/7	12.4	12.59
Bco. El Salvador M8 83	1½	97½	97⅞	12/4	11.31	11.62
Bco. Nac. Argnt. M8 83	0¾	98½	99	21/1	9⅜	9.49
Bank Handlowy M8 88	1¼	97⅛	97⅝	25/11	12.94	13.29
Bank of Tokyo M5½ 93	0¼	96⅝	97½	18/4	10⅝	10.84
Banque Worms M5½ 85	0½	98⅛	98⅝	15/6	12	12.30
Bq. E. d'Alg. M8.375 84	0¾	96½	97	9/2	9⅝	9.95
Bq. E. d'Alg. M7.5 85	0¾	95⅛	95⅝	2/5	12⅛	12.57
Bq. Indo et Suez M5½	0¼	98½	99	25/1	9⅜	9.45
Bq. I. Afr. Occ. M6.5 83	0¾	97⅛	97⅞	12/7	12.4	12.70
CCCE M6.25 98	0¼	97⅞	98⅜	3/2	9.19	9.39
Ch. Man. O/S M5¼ 93	[illegible]	98	98½	27/1	9.31	9.48
Credit National M5¾ 88	0¼	98⅛	98⅝	11/7	12⅛	12.53
Gotabanken M6 88	0¼	97½	98	15/5	12.31	12.60
Ind. Bk. Japan M5½ 85	0¼	98⅞	99⅜	1/6	12.35	12.44
Ljubljanska M7.75 85	1	96½	97⅛	19/1	10⅛	10.58
LTCB Japan M5¼ 85	0¼	98⅝	99⅛	9/5	12.06	12.20
Midland Intl. M5½ 93	0¼	98⅞	98⅞	20/1	9.44	9.59
Nat. West. M5½ 90	0⅜	98⅛	98⅝	21/6	12½	12.69
Nipp. Crdt. Bk. M5.5 85	0¼	99⅛	99⅝	22/6	12.81	12.88
OKB M5¾ 88	0¼	100⅛	100⅝	18/4	10.56	10.52
Offshore Mining 88	0¼	98⅞	99⅛	19/1	9.44	9.56
Pnvredna Banka M8 86	0⅞	95⅞	96½	22/6	13.44	13.98
Standard Chrt. M5.5 90	0¼	97⅞	97⅞	10/2	8.94	9.16
Sundsvallsbnkn. M6 85	0¼	97⅛	97⅝	4/4	10.06	10.33
Utd. Overs'a. Bk. M6 83	0¼	98⅞	99⅛	4/5	12.31	12.45

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5¾ 93	9/78	628	104	104½	+0⅛	12.97
Baker Int. Fin. 5½ 93	1/79	36	104	105¼	−0⅛	8.19
Boots 6¾ 93	2/79	2.16	90⅞	91⅜	−0½	−2.61
Coca-Cola Bottling 6⅞	4/79	9	90⅛	91½	−0⅞	23.70
Ito-Yokado 5¾ 93	6/78	1473	133⅛	133⅞	−0⅞	0.96
Novo Industri 7 88	4/79	258	89½	90⅛	0	4.85
Texas Int. Air. 7½ 93	4/79	14.5	91¼	92	+0⅛	13.07
Thorn Int. Fin. 7 88	11/78	3.67	103⅞	103⅞	−0⅛	−0.61
Tyco Int. Fin. 8¾ 88	9/78	21	100⅛	101	−0⅛	16.55
Tyco Int. Fin. 5 84	5/78	61.5	76⅛	77	−0⅛	159.32
Asahi Optical 3½ DM	12/78	588	93⅛	94⅛	+0⅛	1.87
Casio Cp. 3¼ 85 DM	11/78	841	102⅞	103⅜	0	8.33
Izumiya 3½ 86 DM	10/78	989	96½	97⅛	−0⅛	5.23
Jusco 3½ 86 DM	1/79	1270	93⅛	94½	+0⅛	12.64
Konishiroku 3½ 85 DM	1/79	672	95⅜	96⅛	−1⅛	6.80
Marudai Food 3½ DM	2/79	1033	101⅛	102½	−0⅛	14.55
Murata M. 3½ 86 DM	11/78	854	106	107⅛	+0⅞	−0.74
Nipp. Air. 3.5 88 DM	12/78	508	89⅝	90⅛	+0⅛	5.23
Nippon Shinpn. 3¾ DM	8/78	738	110½	111¼	−0⅞	4.85
Nippon Ysn. 3½ 85 DM	1/79	251	94⅞	95⅜	−0⅛	2.86
Nissan Diesl. 3½ 85 DM	2/79	477	94	95	−0⅛	6.40
Olymp. Opt. 3½ 85 DM	2/79	703	102⅛	103½	−1⅛	−4.72
Ricoh 3½ 86 DM	10/78	617	101⅞	102⅞	−0⅛	16.06
Sanyo Electric 3½ DM	11/78	295	92⅛	93⅞	−1⅛	−2.02
Seiyu Strs. 3¾ 86 DM	9/78	1275	110⅜	111⅛	−0⅛	−2.82
Sharp Cp. 3½ 88 DM	2/78	487	96⅝	97⅛	−0½	−3.68
Stanley Elec. 3½ DM	11/78	623	92½	93½	−0⅞	10.47
Tokyo Elec. 3½ 87 DM	4/79	476	97⅜	98⅛	−0⅛	3.91
Trio-Knwd. 3½ 86 DM	11/78	711	89⅞	90⅝	−0⅛	19.71

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Improvement in orders at GHH

BY ADRIAN DICKS IN BONN

WESTERN EUROPE'S largest mechanical engineering group, Gutehoffnungsbuette Aktienverein, is expecting a further slight upward trend in new orders and in sales during the rest of the year to June 30, despite an overall decline in new orders of 5.1 per cent during the first five months.

Herr Manfred Lennings, the chairman, said GHH's performance had been influenced by the absence in the first five months of 1978-79 of big orders of the kind that had driven up turnover a year earlier.

Yet while orders for machinery and transport equipment were down 9.1 per cent and those for plant and process engineering by 8.5 per cent, there was a 19.4 per cent rise in new orders to wire and cable and non-ferrous metal fabricating divisions of the group—an area of GHH's activities which experienced difficulties last year. Part of this increase was, however, attributable to higher metal prices.

GHH's export ratio fell slightly during the first five months of the current fiscal year, from 50.3 to 46.7 per cent of new orders and from 46.2 to 43.9 per cent of current sales. The previous year there was a shift in the pattern of the group's exports, with industrial countries as a group, and the European community in particular, taking a smaler share, and that of the developing countries, OPEC, and the socialist states up by 16 per cent.

Herr Lennings referred to the DM 200 (U.S. 108.1m) capital increase which will be put to next month's shareholders' meeting as a "precautionary measure."

The main purpose of the capital increase was to enable the group to be in a position to cover credit sales to developing countries, especially OPEC, where the chairman said cash deals were now becoming the exception.

In addition GHH wants to be in a position to move quickly should it have the opporuntities to make further cash acquisitions in the U.S.

Allianz holds dividend as premium income rises

BY GUY HAWTIN IN FRANKFURT

ALLIANZ Lebensversicherungs, West Germany's leading life insurer, proposes an unchanged 18 per cent dividend for 1978 after a year in which premium income rose 11.5 per cent. New business showed substantial growth and there was also increase in premium income from established contracts.

The group, which is jointly owned by the major West German insurance groups, Allianz Versicherungs-Ag and Muenchener Rueckversicherungs-Gesellschaft, increased premium income from DM 2.94bn to DM 3.28bn. Growth was slightly above the 1977 expansion rate of 10.1 per cent.

Accordin gto provisional figures, the total amount insured by the group stood at DM 79.95bn ($43.5bn) at the year's end. This was some 10.4 per cent up on the previous year's figure of DM 72.43bn. Of this new business accounted for DM 9.3bn, an increase of 10 per cent. At the same time, increases in insurance existing contracts provided a further DM 1.6bn.

● Nixdorf, the West German computer manufacturer, is "well on target" for doubling its sales in the next four years. Sales last year rose by 20.7 per cent and earnings improved.

A Nixdorf spokesman said yesterday that turnover in 1978 went up from DM 839m to DM 1.03bn ($551m). Demand for the group's products had been "lively" and the order book had risen by 16 per cent to DM 735m.

The group improved in new markets, particularly in the fields of office communications an dword processing. Labour force durin gthe year had increased by 12 per cent to 9,298.

Commission seeks wider disclosure legislation

BRUSSELS—The European Commission is seeking legislation that would require all companies that have a listing on any Common Market stock exchange to report financial data twice a year.

The proposed directive for half-yearly reports is the third in a series of legislation designed to make securities investment more attractive and to "further the creation of a European capital market." The commission has already submitted legislation concerning listings on Community stock exchanges and the contents of prospectuses issued in connection with capital-raising operations.

So far, the Council of Ministers has approved in principle the directive concerning listings, which requires companies to disclose any market-affecting information, but has yet approved legislation concerning prospectuses. Under community procedure, the Commission initiates legislation which has to be approved by ministers of all the nine member states.

The commission has not disclosed the exact nature of the information companies will be required to disclose in interim reports. The broad guidelines are that companies should disclose financial data in tabular form and add an explanation allowing investors to understand its significance.

AP-DJ

New force in French watch industry

By Terry Dodsworth in Paris

THE FRENCH watch-making industry, hit by the failure of the Lip group about five years ago, has received a significant new entry in the shape of Jaeger, one of the world's leading vehicle instrumentation companies.

In a share and cash deal, Jaeger is taking a 35 per cent stake in YEMA Intrenational, a private watch-making group based at Besancon in eastern France. YEMA in turn is to receive 2.5 per cent. of Jaeger.

The deal will create a group of similar size to Jaz-Framelec, the company put together with the help of Government funds about a year ago in an attempt to restructure the industry. It is calculated that Jaeger-YEMA will have a turnover in the clock and watch-making sector of roughly FFr 450m ($104.7m), against Jaz-Framelec's FFr 300m.

This expansion into the clock and watch-making is part of Jaeger's strategy of diversification away from the vehicle instrumentation field, which accounts for some 70 per cent of its total turnover of about FFr 950m.

Jaeger, 41 per cent owned by the VDO group of West Germany, has recently bought *Bayard, a French clock making* company, and Garant of West Germany, while it has collaborated with VDO on another acquisition in Switzerland.

The main weight of the Franco-German group remains in the vehicle components field, where the VDO-Jaeger combine claims to supply parts to about 7m new cars a year—a quarter of the world's market.

But the group also has an aeronautics and marine instrumentation business, and now believes that it can utilise the electronic technology needed to move into clock and watch-making. YEMA, a fairly specialised producer, made about 1.3m watches last year, of which about 25 per cent were electronic. The aim is to double this output within five years, greatly increasing the percentage of electronic units.

SBC acquires major hire purchase bank

By John Wicks in Zurich

SWISS Bank Corporation has acquired the leading hire purchase bank in Switzerland, Banque Procredit, whose last published balance sheet totalled SwFr 700m, or $420m.

The deal represents a significant expansion of the hire purchase operations of SBC, one of the "big three" banks in Switzerland. Share capital of Procredit, which just over two years ago merged with Inland Bank AG, is SwFr 10m. Operations are undertaken by 14 branches.

SBC already owns the Zurich-based specialists in the field of personal loans, Bank Finalba and Urania Bank, which have balance sheet totals of around SwFr 300m and SwFr 50m respectively.

Electrode makers fined

By Leslie Colitt in Berlin

THE WEST German Cartel Office has fined the major manufacturers of welding electrodes in West Germany a total of DM 596,000 for "price co-ordination." Also included in the fine were the welding electrode association in Deusseldorf and responsbile directors of the companies.

This is the second time the Cartel Office has fined companies for "co-ordinating practices" on prices which has been forbidden since 1973.

Among the companies fined are ARCOS in Aachen which is part of GKN of the UK, Essener Schweisselektroden - Werke which is half owned by Krupp, Hoesch Huettenwerke Messer-Griesheim which belongs to Hoechst and Oerlikon Elektrodenfabrik, a subsidiary of Switzerland's Oerlikon-Buehle.

Volker Stevin pays interim

By Charles Batchelor in Amsterdam

THE NEWLY formed Dutch construction and dredging group Volker Stevin will pay a 1978 interim dividend of Fl 2 cash per share. Volker Stevin was formed from the merged interest of the Volker and Stevin groups.

The Board will consider whether it will continue to pay interim dividends. This payment must be seen as a one-off event for the time being.

Taking into account the conditions of the share exchange offer Volker Stevin will make an interim payment of Fl 3 for each Volker share which remains outstanding and Fl 2 for each Stevin share. Some 2.8 per cent of Volker shares and 0.6 per cent of Stevin shares remain in existence.

Australia yesterday announced the appointment of a committee to make a wide-ranging inquiry into the working of the country's financial system—the first for 40 years. At the same time, financial arrangements are being altered in Japan to increase the number of foreign companies listed on the stock exchange, and in Manila to regulate more closely the Filipion investments abroad, our correspondents report

A push for greater efficiency

BY JAMES FORTH IN SYDNEY

THE AUSTRALIAN Government has announced the establishment of a committee to undertake a wide-ranging and comprehensive inquiry into the Australian financial system.

The Treasurer, Mr. John Howard, said that the committee had been asked to inquire into the operations and efficiency of the system against the back ground of the Government's free enterprise objectives and broad goals for economic prosperity. He said that the last inquiry had been the 1937 Royal Commission into Monetary and Banking Systems in Australia, and there had been massive changes in the domestic and international financial environment in the intervening 40 years.

The five-man committee is comprised mainly of leading businessmen with practical experience in the financial area. The chairman is Mr. Keith Campbell, chairman of the merchant bank, Citinational and a member of the Economic Consultative Committee.

The other members are Mr. Alan Coates, investment manager of Australia's largest life office, the AMP Society, and soon to take over as general manager of the Society, Mr. K. W. Halkerston, former sharebroker and merchant banker, and now financial adviser and company director, Mr. R. G. McCrossin, general manager of the Australian Resources Development Bank, and Mr. J. Mallyon, chief manager, banking and finance department, of the Reserve Bank. Mr. F. Argy, First Assistant Secretary, Financial Institutions Division, Treasury, has been appointed secretary of the committee. The secretariat will be located in Sydney.

The terms of reference are extremely wide. The committee is required to inquire into and report on the structure and methods of operation of the financial system including the banks and non-bank financial instutions, including in relation to foreign exchange, the securities industry generally, the generally, the short term money market, both official and non-official, specialist development finance institutions, such as the ARDB, the Australian Industry Development Corporation and the Primary Industry Bank and the Reserve Bank Australia's central bank.

The committee will also look into the regulation and control of the financial system and make recommendations for improvement. It is also empowered to look into any other matters which the inquiry believes relevant.

Mr. Howard said that the objective of the inquiry was not more regulation by the government. One of the more important items to be canvassed would be whether present levels of regulation and government involvement were appropriate.

He said that the inquiry should be seen as a positive attempt by the government to improve efficiency and flexibility of the financial system. The terms of reference had been deliberately drawn up to enable a broad-ranging inquiry and would enable the committee to investigate any matter considered relevant.

It was envisaged that from time to time, the committee might issue interim reports ahead of its final recommendations. He said that the committee might appoint consultants to provide domestic or international advice

The recommendations of the committee would be of great significance, he added.

Among the matters likely to be given high priority are consideration of establishing a genuine foreign exchange market and a review of the banking system. Such a review would look into government controls which have led to faster growth by intermediaries such as finance companies, building societies and merchant banks, the inefficient branch banking system and whether foreign banks should be allowed to establish local banking operations.

Another area of high priority is the system of public sector borrowing, particularly legislation virtually forcing institutions to subscribe large portions of their funds to public securities, which has resulted in distortions in the capital market and artificially low interest rates.

Central bank tightens the strings

BY LEO GONZAGA IN MANILA

A TIGHTENING this week of the Philippines foreign exchange regulations has come at a time when banks and non-bank financial institutions have been looking overseas for expansion.

Allied Banking Corporation, a domestic commercial bank, not long ago set up an office in Hong Kong. Similar offices in Hong Kong were earlier established by two investment houses, State Investment House and Underwriting and Investment Corporation of the Philippines.

Another investment house, Ayala Investment and development Corporation, and four commercial banks are branching into York. The banks involved are the Bank of the Philippine Islands, Consolidated Bank and Trust Company, Far East Bank and Trust Company and Pacific Banking Corporation. Early this year, the state-owned Philippine National Bank will open an Asian currency unit in Singapore and a merchant banking subsidiary in Hong Kong.

The central bank has, however, now issued a circular requiring that all entities and individuals, Filipino or resident foreigner, making investments outside the country must have such investments registered with and approved by the central bank through its Management of External Debt and Investments Account Department (MEDIAD). Existing investments, of the same ?—?—also have to be registered with MEDIAD. The registrants must submit a number of documents indicating, among other things, through which bank the investments were remitted outwards, and the date and amount of the remittances.

The action probably reflects concern over the trend indicated by statistics. According to central bank figures, entry into the country of new direct foreign investments amounted to U.S.$129.03m in January-September last year, an increase of only $4.47m, or 3.6 per cent over the $124.56m figure in the same period of the preceding year. On the other hand, divestments or withdrawal of foreign investments increased by $4.92m, or 43 per cent, to $16.32m while the export of capital by Filipinos and resident foreigners increased by $4.13m or 54 per cent.

Middle East air taxi and hotel arrange loans

BY RAMI G. KHOURI IN AMMAN

THE CAIRO-BASED multinational Arab commercial bank, the Arab African Bank, has signed two agreements here this week as the head of a consortium of banks lending two Jordanian companies a total of $18m.

The first loan of $8m over eight years is for the Jordanian executive jet charter company Arab Wings, to refinance existing international loans and to finance the purchase of a new Sabreliner 75A aircraft. The loan carries an interest rate of 1 per cent over LIBOR for the first four years and 1¼ per cent for the last four. The previous credit being refinanced was for $5m for seven years from Crocker National Bank and UBAF, at 1¾ per cent over LIBOR.

Comanagers of the new loan are Arab International Bank, Al Ahli Bank of Kuwait, Libyan Arab Foreign Bank and Uban-Arab Japanese Finance.

This reflects the continuing expansion of the three-year-old air taxi company, the only one of its kind in the Middle East, which will, with the new Sabreliner, operate a six-aircraft fleet of two Sabreliners and four Learjets.

Its turnover last year topped the $3m mark for the second consecutive year. Net profits after the second year of operation in 1977 totalled JD 12,000 (around $36,000).

The second loan agreement signed here this week was also by a consortium of Arab Banks led by the Arab African Bank, and provided $10m for the Amman-based Arab International Hotels Company.

It will help finance the new 330-room hotel that will be designed and managed by the Marriott Corporation. The hotel *will cost about $30m.* The Jordanian Government holds JD2.5m of the JD4.7m capital of Arab International Hotels.

The $10m is for nine years at an interest rate of ⅞ over LIBOR for the first four years and then 1 per cent over LIBOR for the last five years. The loan is guaranteed by the Government of Jordan, and is being managed by Arab African Bank and provided by 23 banks and investment companies from North America, Europe, the Middle East and Japan.

UOB extends takeover offer

SINGAPORE—United Overseas Bank has extended to Febraury 19 its takevore offer for Singaport Finance on unchanged terms of one UOB share for every Singapore Finance share, or S$ 3.40 in cash. The offer was due to close today.

The extension to February 19 brings the closing date for the UOB offer into line with the closin gof a counter offer by Hong Leong Finance pitched at one Hong Leong share plus S$ 10.40 cash for every four of Singapore Finance, or S$ 3.60 per share in cash.

Baring Brothers (Asia) as advisers to minority Singapore Finance shareholders recommended acceptance of the Hong Leong cash offer.

8/8½
Reuter

BHP steel output up

MELBOURNE — Australia's only raw steel maker, the Broken Hill Pty. Company (BHP), announced that its group steel production rose to 7.59m tonnes in the 1978 calendar year, from 7.32m in 1977, reports Reuter.

Steelworks at Newcastle and Whyalla produced 19.5 per cent and 20.1 per cent more steel respectively, while Port Kembla's output fell 2.8 per cent, mainly as a result of the major capital works on the number five blast furnace.

With regard to BHP's June to May trading year, the company said its raw steel output for the first seven months rose to 4.36m tonnes from 4.23m.

Our Financial Staff adds: BHP earlier this month announced its first steel price increase since May, lifting its average-weighted price by 4.38 per cent.

Tokyo SE makes it cheaper

By Richard Hanson in Tokyo

THE TOKYO Stock Exchange has decided to make it easier and, more significantly, cheaper for a foreign company to list its shares in Japan in hopes of reversing a trend towards fewer foreign listings.

From March this year, after finala pproval by the Finance Ministry, the enormous cost of listing on the Tokyo exchange will be just about halved.

The small foreign section of the Tokyo exchange has suffered from neglect. The 15 stocks still listed—down from the 17 before Borden and General Telephone and Electric delisted—generated average daily trading volume of only 2,970 shares in 1978, compared with the more than 35,000 shares in 1973, the first year in which foreign shares were listed. The small turnover hardly justifies the expense of staying in Tokyo, from a foreign company's point of view.

The average annual listing fee in Tokyo for a foreign company is presently Y1.2m ($6,000). Even more of an obstacle to foreign listings is the initial fee, which can run as high as Y31m (over $150,000, depending on the company's size. These will be cut by half under the new guidelines.

The standards of acceptability for a foreign company to be listed will also be lowered in the following ways:

● A requirement of dividends amounting to 10 per cent of capital per year will be made into one of only having issued a dividend for the prior three years.

● Present rules requiring 2,000 shareholders already in Japan will be reduced to 1,000, with no limits on the number of shareholders required to avoid delisting (presently a minimum of 300 shareboders).

WORLD STOCK MARKETS

Early Wall St. rise on good earnings reports

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—88% (88¼%)
Effective $2.0100 45¾% (45¼%)

OVERCOMING SOME initial easiness on credit tightening moves by the Bundesbank, Wall Street subsequently improved in fairly active trading yesterday morning, helped by a continuing stream of bullish earnings reports.

The Dow Jones Industrial Average, after losing 1.39 at the 10.30 am calculation, picked up to $838.18 at 1 pm for a net gain

Closing prices and market reports were not available for this edition.

of 3.98. The NYSE All Common Index added 20 cents at $55.84, while gains outpaced declines by a two-to-one margin. Turnover expanded to 17.89m shares from Wednesday's 16.65m.

Analysts said the market showed little immediate reaction to news that the U.S. GNP in the fourth quarter rose at a seasonally adjusted 6.1 per cent annual rate. They said the GNP figures were very strong and may alter the recession scenario of a number of economists looking for a downturn this year.

NVF topped the actives list and rose 1½ to $10. **Dow Chemical**, in second place, put on $1 to $28¼, but in third place, **Allied Chemical** lost ¾ to $28¾. Allied said it wants to sell its automotive products division.

RCA were unchanged at $27⅜ despite reporting higher fourth-quarter profits. Among other companies reporting higher net earnings, **Westinghouse Electric** put on ⅛ to $18¾, **Santa Fe Industries** ½ to $30½, **Champion International** ⅜ to $21⅞, **National Airlines** 1⅜ to $36¼ and **SCM** ⅜ to $18⅞.

Avco, however, on lower fourth-quarter earnings, receded 1⅛ to $22⅜.

Mapco added a point. It has signed a 28-year contract to sell 67m tons of coal to an electric utility valued at $1.8bn on current prices.

Mission Insurance hardened ⅛ to $37⅜. The company has rejected a merger proposal from American International as undervaluing the concern. **American International** were unchanged at $50¼ bid in over-the-counter trading.

THE AMERICAN SE Market Value Index rose 0.94 to 160.44 at 1 p.m. Volume 1.95m shares (1.67m).

Active **Wang Laboratories** gained 2¼ to $35⅞ after forecasting higher fiscal year sales.

Chieftan Development added ⅜ at $24½. It has arranged a C$50m loan.

Houston Oil and Minerals, the leading Amex active, eased ⅛ to $17⅝. **Resorts International "A"** slipped ⅛ to $35¼ in second place on the actives list, but **Sharon Steel** advanced $4 to $24½.

Canada

Markets mainly return to an upward tack in moderate early dealings yesterday, helped by a cut in the rate of inflation reported this morning by Statistics Canada and a firming trendu in New York.

The Toronto Composite Index gained 4.5 to 1,355.6 at noon, while Golds moved ahead 23.1 to 1,500.9, Metals and Minerals 12.7 to 1,195.0, Oils and Gas 8.7 to 1,900.5 and Utilities 0.21 to 198.93. However, Banks shed 1.27 to 315.47 and Papers 0.53 to 158.56.

Denison Mines climbed 2¼ to C$79⅞ on sharply higher earnings, while **B.C. Telephone**, which raised its dividend, gained ¼ to C$17.

Macmillan Bloedel eased ⅛ to C$23⅞. **Canadian Pacific Investments** has decided not to proceed with its offer for Macmillan's shares.

Inco rose ⅜ to C$21¼ on 45,950 shares in Toronto as the most active issue.

Tokyo

Shares were again softer-inclined on profit-taking. Losses led gains on the First Market section by 437 to 241, although the Nikkei-Dow Jones Average was only 5.25 down at 6,106.57. Trading was active, volume reaching 410m shares (380m).

Cameras, Electricals, Vehicles, Non-ferrous Metals and Foods led the market lower, with **Olympus** losing Y14 to Y773, **Sony** Y10 to Y1,710, **Matsushita Electric** Y6 to Y710, **Takeda Chemical** Y5 to Y534, **Canon** Y10 to Y524 and **Pioneer Electronic** Y30 to Y1,990.

Oils and Coals, however, were higher on the continued turmoil in Iran. **Arabian Oil** rose Y400 to Y2,480, **Teikoku Oil** Y17 to Y417. **Nippon Oil** Y21 to Y678 and **Mitsui Mining** Y14 to Y387.

Elsewhere, **Toshiba** put on Y3 to Y156 in response to its upward revised profits forecast, while others to gain ground included **Nippon Steel**, up Y2 at Y139, **Japan Line**, Y5 higher at Y126, and **Nisshin Spinning**, which advanced Y15 to Y670.

Germany

Irregular movements were recorded after what dealers called restrained trading caused by uncertainties preceeding the West German Central Bank Council meeting. The Commerzbank index shed 1.5 to 832.5.

The stock market closed before the Bundesbank announced an increase in the Lombard rate to 4 per cent from 3.5, effective from today, and a 5 per cent increase in the minimum reserve requirement, effective from February 1. Analysts said late yesterday that the liquidity-cutting measures will not be accepted well by the market today.

Engineerings yesterday, however, attracted support, with **KHD** advancing DM3.60 and **GHH** DM1.80. **BMW**, in Motors, put on DM2.20, while firm Stores had **Kaufhof** and **Karstadt** each DM3.00 higher.

VEBA was in strong demand and gained DM1.80. The decision by the West German Economics Ministry on the deal with BP is due during the next few days.

However, **Deutsche Bank** declined DM1.50 in easier Banks, while elsewhere, **Demag** receded DM2.50.

In the Domestic Bond market, interest concentrated on the forthcoming Bundesbank Loan, with most Public Authority loans losing up to 35 pfennigs more.

Trading in Mark Foreign Loans was quiet with dealers cautious ahead of the Bundesbank Central Council Meeting.

Paris

Bourse prices ended on a mixed note after a thin trading session interrupted by a bomb scarce.

News of a slight rise in December unemployment and a trade deficit for last month after a string of surpluses made little impact on the market.

Electricals and Constructions were the firmest sectors, while Foods, Motors, Stores and Chemicals made an easier showing.

Imetal strengthened 5.8 to FFr 60.8, while **Paribas** added 2.1 at FFr 221.4 and **Maisons Phenix** 11 at FFr 582. In contrast, **Club Mediterranee** retreated 19 to FFr 506.

Australia

After the recent spell of profit-taking, markets put on a brighter performance yesterday on meeting selective renewed buying. The Sydney All Ordinary index gained 2.81 to 565.36.

BHP, at A$9.62, recouped the previous day's fall of 18 cents, while **Amatil**, on sharply higher profits, advanced 17 cents to A$2.35. However, Tobaccos provided a dull spot in **Philip Morris**, which receded 6 cents to A$5.94.

Golds continued to benefit from improved international gold prices, especially **Central Norseman**, which rose 70 cents to A$16.50.

Among Diamond exploration issues, **CRA** put on 5 cents to A$3.60, while **Otter Exploration** added 4 cents at 34 cents

Western Mining improved 5 cents to A$1.89 on reports that the South Australian Government was taking a renewed interest in the Roxby Downs copper-uranium reserve.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom, unless otherwise stated, yields based on net dividends plus tax.
♥ Pts 500 denom, unless otherwise stated.
♣ DKr 100 denom, unless otherwise stated.
⊙ SwFr 500 denom, and Bearer shares unless otherwise stated. ¶ Y50 denom, unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m% tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

† Bid. ‡ Asked. § Traded. ‖ New stock.

BASE LENDING RATES

A.B.N. Bank	12½%
Allied Irish Banks Ltd.	12½%
Amro Bank	12½%
American Express Bk.	12½%
A P Bank Ltd.	12½%
Henry Ansbacher	12½%
Associates Cap. Corp.	12½%
Banco de Bilbao	12½%
Bank of Credit & Cmce.	12½%
Bank of Cyprus	12½%
Bank of N.S.W.	12½%
Banque Belge Ltd.	12½%
Banque du Rhone et de la Tamise S.A.	13 %
Barclays Bank	12½%
Barnett Christie Ltd.	13½%
Bremar Holdings Ltd.	13½%
Brit. Bank of Mid. East	12½%
■ Brown Shipley	12½%
Canada Perm't Trust	12½%
Cayzer Ltd.	12½%
Cedar Holdings	12½%
■ Charterhouse Japhet	12½%
Choulartons	12½%
C. E. Coates	12½%
Consolidated Credits	12½%
Co-operative Bank	*12½%
Corinthian Securities	12½%
Credit Lyonnais	12½%
Duncan Lawrie	12½%
The Cyprus Popular Bk.	12½%
Eagil Trust	12½%
English Transcont.	12½%
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
■ Antony Gibbs	12½%
Greyhound Guaranty	12½%
Grindlays Bank	12½%
■ Guinness Mahon	12½%
■ Hambros Bank	12½%
■ Hill Samuel	§12½%
C. Hoare & Co.	†12½%
Julian S. Hodge	13½%
Hongkong & Shanghai	12½%
Industrial Bk. of Scot.	12½%
Keyser Ullmann	12½%
Knowsley & Co. Ltd.	14½%
Lloyds Bank	12½%
London Mercantile	12½%
Edward Manson & Co.	13½%
Midland Bank	12½%
■ Samuel Montagu	12½%
■ Morgan Grenfell	12½%
National Westminster	12½%
Norwich General Trust	12½%
P. S. Refson & Co.	12½%
Rossminster	12½%
Royal Bk. Canada Tst.	12½%
Schlesinger Limited	12½%
E. S. Schwab	13½%
Security Trust Co. Ltd.	13½%
Shenley Trust	14 %
Standard Chartered	12½%
Trade Dev. Bank	12½%
Trustee Savings Bank	12½%
Twentieth Century Bk.	13½%
United Bank of Kuwait	12½%
Whiteaway Laidlaw	13 %
Williams & Glyn's	12½%
Yorkshire Bank	12½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month deposits 10¼%.
† 7-day deposits on sums of £10,000 and under 10%, up to £25,000 10½% and over £25,000 10¾%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

COMMON AGRICULTURAL POLICY

'Middlemen inflating food prices'

BY BRIJ KHINDARIA

MIDDLEMEN ARE taking unfair advantage of food price rises according to farmers, thus making life more difficult for the housewife and worsening inflationary trends in the Common Market.

This emerges in an European Parliamentary Committee report which argues that the Community's agricultural policy should be overhauled for the sake of both farmers and housewives.

Farmers are able to pocket only a tiny proportion of the housewives mainly because of numerous kinds of middlemen—the traders, processors and distributors who lose no opportunity to raise their incomes, the report says.

Parliamentarians in the Chamber demanded more protection for food buyers while safeguarding the needs of producers. They said that the complex system of monetary compensatory amounts (MCAS) should be dismantled in such a way that sellers cannot use the removal as a pretext to raise food prices further.

The report says it is unfair that nine national agriculture ministers should be allowed behind closed doors to decide "what price increases European farmers need and what burdens are to be imposed on European consumers."

While principles of prudence could justify self-sufficiency in cereals, and beef and veal, "it is difficult to understand why they must be applied in the very same way to products like tomatoes and peaches."

It notes that the cost of running the Common Agricultural Policy has increased more than 60 times in the last 12 years, and that basic foodstuff prices in the Community are as much as three times more than world market prices.

Despite common policies within the Community, differences greater than 40 per cent exist in the retail prices of identical food products in different member states. The CAP has also lead to the vast food surpluses converting the community into a large food exporter and creating a situation where "highly-industralised Europe is competing with developing countries in their natural markets."

Many parliamentarians argued for modifications to the CAP to combine farm price supports with curbs on marketing guarantees and more co-responsibility obligations for those who produce too much.

The report suggests a temporary suspension of intervention in the milk sector because even non-marketing premiums and co-responbility levies have failed to stem the over-production.

Extra costs for UK shoppers

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

DEFENDERS OF the Common Agricultural Policy are prone to claim that it ensures adequate supplies of food for member countries.

They also say, in the case of British food prices, that the Community has not been responsible for all the increases. Both statements are tendentious and deserve detailed examination.

The objectives of Community policy were apparent long before we joined. In 1962 I interviewed M. Edgar Pisani, then French Agriculture Minister, and asked him what exactly would be the future of Australian soft wheat and New Zealand butter should Britain join. They would be replaced, where possible, by Community production, he said. Because, he added: "that is what a Common Market is all about."

For the record, Australian wheat is no longer on offer in Europe, and the future of the New Zealand butter quota is only being defended by what amounts to the British veto.

It could be drastically cut or even extinguished by the early 1980s. If there were the least possibility that food would be dangerously short permanently throughout the world, there would be some justification for the security theme. But there appears to be no possible chance of global famine.

In the case of temperate foods which are covered by the CAP, the situation is one of worldwide surplus and difficult trading. World stocks of wheat at the end of the 1978-79 season are expected to be about 83m tonnes—rather higher than the year's total world wheat trade of 69.5m tonnes.

In the case of feed grain the U.S., the main exporter, will, it is estimated, have stocks almost equal to one year's trading. There is in addition a "set-aside" programme in the U.S. for both wheat and maize to restrict plantings.

In sugar the Community has an annual surplus of nearly 3m tonnes over current demand. The cost of disposing of this on the world market is, as will be shown later, very high.

For beef the situation is rather different. Following the Community's decision in July 1974 to impose an almost total ban on imports from outside the Community there was a worldwide slump with a consequent reduction in breeding stocks which has at last caused some hardening in prices. To be fair the Japanese cutting of their own imports did contribute to the slump. There is a small surplus in EEC intervention stores.

The dairy position is well known, but just for the record there were 436,000 tonnes of butter in Community stores at the end of last year — double last year's stock. There has been a fall in skimmed milk powder in store thanks to heavily sudsidised selling. But there are still 700,000 tonnes left.

These are temperate foods which are directly supported by intervention buying. Far from a guarantee of sensible supply, they are an embarrassment and a heavy expense to the Community and particularly to Britain.

Because of the MCA system Britain is still not paying full EEC prices, but were the Green Pound to be fully devalued guaranteed or intervention prices would rise substantially.

Britain still has to import 40 per cent of its temperate food needs and is likely to for many years simply because of lack of land. World market prices are commonly substantially lower than those in the Community. In consequence these have to be protected by substantial levies.

For instance, according to the Home Grown Cereals Authority, this week's quotation for U.S. maize delivered to Tilbury is £63.50 a tonne. But the levy, abated by the MCA, amounts to £42.54, making a total landed cost of £106.04. U.S. hard winter wheat delivered to the East Coast is £86.30, on which the levy is £44.65.

The levy on barley, if any were to be landed, is £52.74, and so on. The effect of this is serious enough on wheat for human needs, but the impact on animal feed and therefore meat costs is extremely heavy.

The world price of white sugar is below £100 per tonne and the EEC's export subsidy to meet this was last week £167 a tonne—a clear indication of the imbalance between world and Community prices.

It is argued that there is no longer a world market, and that if Britain tried to rely on foreign supplies as used to be the case, they would soon dry up or get scarcer. But these levies are being paid on present imports to bring their prices up to EEC levels. It is certain that were Britain not in the EEC supplies from Europe would have to be sold at world, not EEC prices—as in fact Community wheat, dairy products, barley and sugar are being sold on the world market today.

In crude terms Britain is paying between 20 per cent and 15 per cent above world prices for some temperate foods thanks to EEC membership.

UK cocoa demand 'disappointing'

BY RICHARD MOONEY

COCOA PRICES rallied on the London futures market yesterday afternoon ending a five-day decline which at one stage had wiped £160 a tonne off nearby quotations.

Prices had subsided further in early trading in response to the publication of a mildly-disappointing UK grindings figure for the fourth quarter of last year and a weekly Ghana purchases total which was slightly higher than many traders had expected.

The May futures position slipped to £1,815 a tonne at one stage before recovering to end the day £13 higher at £1,853.5 a tonne.

UK October/December grindings had been estimated at unchanged to 5 per cent higher compared with the same three months last year in most market quarters. The actual figure of 16,500 tonnes was 0.6 per cent down and therefore within this range but it evidently disappointed some speculators.

The Ghana main crop purchase figure of 10,043 tonnes took the cumulative total for the season to 221,638 tonnes and convinced most traders that the main crop would, after all, reach the forecast total of 240,000 tonnes.

A decline in weekly purchases late last year had persuaded many observers that the Ghana crop would fall short of expectations.

Coffee fund claim

BY OUR COMMODITIES STAFF

AN OFFICIAL report showing that traders in coffee-producing countries have bought substantial amounts of coffee on the New York market confirms the existence of a Latin American coffee price-stabilisation fund, New York trade sources said yesterday.

The so-called "Bogota Group" of coffee-producing countries announced the establishment of the fund late last year. They said they had $140m available for price support purchases.

The U.S. report, by the Commodity Futures Trading Commission (CFTC), shows that producer traders owned or controlled 35.7 per cent of "long open contracts" and 11.1 per cent of "short contracts" on the New York futures market on November 15.

The open interest has climbed by 1,400 contracts since that date and the sources feel some of this growth came from further producer buying.

● Robusta futures closed £98 a tonne higher in the spot January position on the London market while the rest of the market was £40 to £21 a tonne up.

Thailand alert boosts tin

By John Edwards, Commodities Editor

TIN PRICES rallied strongly on the London Metal Exchange yesterday following news of the military alert in Thailand—one of the world's leading tin producers.

Standard-grade cash tin gained £155 to £6,870 a tonne, bolstered by some consumer buying interest in a market thought to be somewhat oversold.

The rise was also encouraged by the general firm tone of other base and precious metals. Copper resumed its upward trend with cash wirebars closing £6.5 up at £831.5 a tonne, the highest level for 20 months, and moving further ahead in late kerb trading.

In Washington, Congressman Morris Udall, chairman of the House Interior Committee, said he planned to reintroduce legislation calling for the purchase of 250,000 tonnes of copper by the U.S. stockpile with funds obtained from the sale of surplus tin.

However, he also wants legislation setting an "environmental" duty of 12 to 15 cents a pound on imported copper to compensate domestic producers for the extra costs caused by environmental regulations.

Lead values recovered after the recent sharp setback in what one dealer described as a "gamblers paradise." The cash price closed £11.5 up at £498 a tonne.

World wheat output raised to new peak

BY OUR COMMODITIES EDITOR

WORLD WHEAT production is estimated to have reached a record 436m tonnes in 1978, according to the market report issued by the International Wheat Council yesterday. This campores with output of 385.5m tonnes in 1977 and the previous record of 417.5m tonnes in 1976.

The Council raised its estimate by 2m tonnes to reflect larger crops in Australia and Argentine. It has also raised the forecast of carry-over stocks in the five major exporting areas at the end of the 1978-79 season to 54.9m tonnes compared with 50.3m tonnes at the end of 977-78.

However the report points out that although closing stocks in the U.S. by May 1979 are put at 28.2m tonnes, 12.26m tonnes have already been put into storage programmes and were not immediately available to the markets.

Looking at prospects for 1979, the report notes that winter wheat crops are developing well in most major producing areas. World output of coarse grains during 1978-79 is provisionally calculated to have risen to 741m tonnes, against 695m tonnes previously.

Meanwhile the U.K. price of imported maize jumped by £3 yesterday to £110 a tonne. The rise was attributed by London grain dealers to transport difficulties both in Britain and the U.S.

The cold weather gripping the U.S. has hit supplies being shipped out, while U.K. consumers are anxious to obtain any grain available. Compounders at the ports are cut off in many cases from domestic country supplies and are, therefore, willing to pay above the market prices for maize, barley and wheat when available.

Barley prices are also being lifted by the fact that many farmers, unable to obtain their normal feedingstuffs, are using their own grain to feed livestock.

Jute strike mediation called off

NEW DELHI — The West Bengal Government has called off its efforts to mediate between striking jute workers and mill owners, State Labour Minister Krishnapda Ghosh said in Calcutta yesterday.
Reuter

A depressing year for British foresters

BY CHRISTOPHER PARKES

THE TOTAL area of land for tree planting acquired by the Forestry Commission slumped disappointingly low during the 1977-78 year, the Commission's annual report says.

Plantings by private landowners were also far short of expectations.

Even so, the Forestry Commissioners were optimistic enough to boost their projections of UK wood production. In the past two years annual production from the Commission's own forests has averaged 2m cubic metres. This is now expected to climb 230 per cent to 4.6m cu m by the mid-1990s.

The increase will be most marked in Wales and Scotland, where output is expected to rise 240 per cent and 290 per cent respectively.

The total area of land fit for planting acquired during the year was only 6,507 hectares compared with a target set by the Commissioners of 18,000 hectares, and the average acquisitions over the past 10 years of 13,700 hectares.

There was also a further fall in plantings by private woodland farmers. Only 8,299 hectares were put down to trees, of which 6,322 hectares were new plantings.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Firmer in active trading on the London Metal Exchange. After opening at £840 forward metal moved ahead throughout the day with little or no trade selling evident. The price rose to £846 in the morning and traded around that level until a strong opening on Comex prompted renewed buying [illegible]

[illegible] bars, three months £849, 48, 47.5. Cathodes, three months £834.5. Kerb: Wirebars, three months £847, 47.5, 48, 48.5, 49, 50, 50.5, 51, 52, 51.5, 51, 51.5.

TIN—Rallied strongly following news that Thai armed forces had been put on alert in view of the fighting in Cambodia. Forward metal opened at £6,665 and moved up to £6,750 on the pre-market following fresh buying [illegible]

LEAD—Gained ground. After opening at £448 forward metal moved ahead strongly on the pre-market to touch £458 owing to short covering and fresh buying. After easing slightly to £456.5 in the rings on profit-taking the price continued to rise in the afternoon, helped by the firmness of copper, and forward metal closed a fraction below the day's highest level of £466. Turnover: 8,675 tonnes.

[illegible]

COCOA

Cocoa futures eased £20 during the morning session due to a satisfactory Ghana purchase figure, but Commission [illegible]

COFFEE

[illegible]

GRAINS

[illegible]

SILVER

[illegible]

WOOL FUTURES

[illegible]

PRICE CHANGES

Price in tonnes unless otherwise stated.

[illegible]

RUBBER

[illegible]

MEAT/VEGETABLES

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

LONDON DAILY PRICES (raw sugar) [illegible]

Dec. shipment. White sugar daily price was fixed at £95.00 (£94.50).

Prices were contained within a narrow range throughout the day in dull trading conditions, reported C. Czarnikow.

[illegible]

AMERICAN MARKETS

NEW YORK, Jan. 18.

Silver—Jan. 627.00 (626.00), Feb. 630.60 (628.80), March 633.80-635.00, May 639.50-641.00, July 647.30-649.00, Sept. 654.00-656.30, Dec. 667.00, Jan. 671.30, March 680.00, May 688.80, July 697.70, Sept. 706.70. Handy Harman spot 629.00 (626.00).

CHICAGO, Jan. 18.

Lard—Chicago loose 24.62 (24.50). [illegible]

[illegible] 191.30-191.50, Sept. 181.00, Oct. 188.50-189.00, Dec. 188.10-187.50, Jan. 188.50-[illegible]

Soyabean Oil — Jan. 24.85-24.84 (25.03), March 25.06-25.07 (25.23), May 24.96-25.00, July 24.98-24.95, Aug. 24.95, Sept. 24.25, Oct. 23.85, Dec. 23.45-23.50, Jan. 23.40, March 23.40.

Wheat—March 352¼-352 (354½), May 333¼-333¼ (335½), July 318¾-318½, [illegible]

EUROPEAN MARKETS

[illegible]

Sorghum — Argentine/U.S. — AFL $116.50, Jan. $116.50, Feb. $18, April-June $105.

Barley—U.S. No. 3/Canadian ½—all unquoted.

Soyabeans—U.S. 2 Yellow Gulfports—Spot $290.50, Jan.-Feb. $288, March $287.90, April $287.25, May $286.50, June-July-Aug. $286.75, Sept. $288, Oct. 270.45, Nov. $269.50, Dec. $272.65, Jan. $276, Feb. $279.80, March $281.10

[illegible] 1466-1469, May 1498-1502, July 1500 bid, Sept. 1530-1570, Dec. 1550-1580, March 1550-1570. Sales at call 2. Accumulative total 88.

Sugar (FFr per 100 kilos)—March 816-818, May 841-843, July 840-850, Aug. 886-892, Oct. 919-928, Nov. 914-925, Dec. 940-950, March 975-995. Sales at call nil.

Soyabean meal (FFr per 100 kilos). March 103.50 asked, rest unquoted. Sales at call nil.

INDICES

FINANCIAL TIMES

Jan. 17	Jan. 16	M'nth ago	Year ago
256.85	253.05	256.35	232.27

(Base: July 1, 1952=100)

DOW JONES

Dow Jones	Jan. 17	Jan. 16	Month ago	Year ago
Spot ...	375.16	377.09	382.59	346.31
F'tur's	369.62	372.32	379.49	334.85

(Average 1924-25-26=100)

MOODY'S

Moody's	Jan. 17	Jan. 16	M'th ago	Year ago
Sple Comty	992-9	994.5	976.4	896.6

(December 31, 1931=100)

REUTERS

Jan. 18	Jan. 17	M'nth ago	Year ago
1496.7	1497.0	1500.7	1410.4

(Base. September 18, 1931=100)

Chinese grain areas need extra rain

PEKING—Above average rainfall is needed between now and May to ensure normal Chinese winter wheat and early rice crops north of the Yangtse river, foreign agricultural sources said here yesterday.

Poor crops would probably mean further foreign grain purchases by China, they added.

The sources who recently travelled across parts of the North China Plain said the winter wheat crop was planted under drought conditions in many areas, but the seedlings they had seen appeared only slightly backward.
Reuter

Loan boost for Indian tea growers

By P. C. Mahanti

THE INDIAN Tea Board has increased the loans available to tea gardens under its plantation finance scheme by 78 per cent to encourage the expansion of tea acreage.

This increases the available loans from Rs11,000 (£700) per hectare to Rs20,000 (£1,250).

For gardens in hilly areas the loan per hectare has been raised by 82 per cent to Rs 25,000 from the existing Rs 13,750 per hectare.

The Board has increased the amount following representations by tea companies, who said that in view of the steep increase in costs the loans had become inadequate.

Markets still nervous about industrial situation but much steadier after Wednesday's sharp reaction

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan. 2	Jan. 11	Jan. 12	Jan. 23
Jan. 15	Jan. 25	Jan. 26	Feb. 6

* "New time" dealings may take place from 9.30 am two business days earlier.

Markets held relatively steady yesterday in the face of the lukewarm reception given by the public service unions to the Government's concessions on pay and the lack of any favourable decvlopments in the damaging road haulage situation. Further consideration of the proposals aimed at tougher price controls made for initial nervousness in the equity sector and continued selling of the leaders, albeit on a much lesser scale than on Wednesday.

Investment buying was again inhibited pending the result of the "last chance" efforts of the Transport and General Workers' Union to bring picketing lorry drivers under firmer control before a State of Emergency is declared. However, the offerings came to an end around mid-day and small professional demand began to develop. This found reflection fairly quickly in top-name companies.

The highly impressive results from **Grand Metropolitan**, a firm market from the commencement of business, further encouraged sentiment and a fall of 3.8 at 11 am in the F.T. Industrial Ordinary share index was transformed by 2 pm into a net gain of 1.5; the close was 0.5 up at 474.5. Announcement of the latest growth in money supply was of no particular importance to equities, but the market in Gilt-edged securities registered some disappointment. Illustrating a depressing volume of trade in equities generally, official markings totalled only 3,955, the lowest so far this week.

Small recoveries among medium and longer-dated British Funds as a result of sporadic investment interest were trimmed by ¼ which left occasional net gains in the high-coupon stocks of ⅛, but generally of ⅛. The debut of the new short tap Treasury 12 per cent 1983 A was uneventful, as expected, and the quotation eased to 97 as against the issue price of 97¼. Other shorts opened a shade cheaper in places but rallied in a thin trade to close marginally dearer on balance.

In sympathy wtih a further fall in the dollar, the investment currency premium drifted lower in subdued trading to close ¼ lower at 88 per cent. eYsterday's SE conversion factor was 0.6883 (0.6859).

Of the 482 total contracts completed in Traded Options, over 75 per cent were done in two stocks. Grand Metropolitan were particularly lively, recording 237 deals, while 126 were done in Cons. Goldfields achieved 126.

Newcomers **IAS Cargo Airlines** remained active and advanced 10 to 99p; the 6 per cent Convertable Preference rose 11 to 129p.

Midland dip and rally

Publication of the merger terms involving Sedgwick Forbes and Midland Bank's associate Bland Payne prompted an early fall of 6 in **Midland** before a rally left them a penny firmer on balance at 376p. **NatWest** dipped 5 further to 288. **Bank of Ireland** declined 7 to 413p and the 10 per cent convertible gave up 5 points to £185. Discounts came on offer, closing *with falls ranging to 10.* **Union** lost that much to 305;. Elsewhere, **UDT** revived with a gain of 2 to 47p.

Insurance Brokers made a dull showing, being unsettled by the dollar's weakness and a poor preliminary statement from **Brentnall Beard** which touched 28 on the annual loss and omission of the dividend before closing a net 2 off at 30p. **Willis Faber**, which announced a U.S link-up with Johnson and Higgins on Tuesday, closed 8 lower at 228p, while **Matthews Wrightson** declined a like amount to 176p and **C. E. Heath**, 230p, and **Alexander Howden**, 127p, lost 7 and 6 respectively.

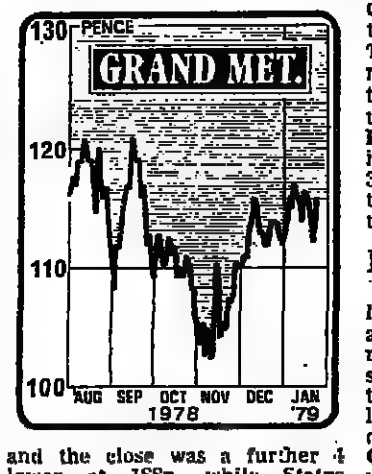
Confirmation that **Distillers** is *to raise export whisky prices* to the U.S. by 12 per cent lifted the shares 3 to 207p. Elsewhere, the tone was quiet and *movements of* note were confined to secondary issues where buying in a restricted market lifted Daven- restricted market lifted Davenports 7 to 93p.

Conditions in the Building market were extremely quiet. Among the few scattered movements, **BPB** gave up 4 to 250p and **Ibstock Johnsen** a similar amount to 162p, but occasional support left **William Whittingham** 3 firmer at 46p.

ICI drifted down to 355p before rallying to close only a penny lower on balance at 357p. Elsewhere in the Chemical sector, a Press suggestion of a possible bid from Dana Corporation prompted buying of **Catalin** which advanced 7 to 50p. **Brent Chemical** firmed 4 to 200p, while further demand in a restricted market left **Plysu** up 9 more at 128p.

A. & J. Gewer please

A. and J. Gelfer stood out in Stores iwth a rise of 4 to 42p in response to the sharp increase in first-half earnings. **J. Hepworth** found renewed support at 71p, up 4, but **Dixons hPotographic** lost 5 to 133p in reaction to the disappointing interim results. **Lincroft Kilgour** cheapened a penny to 52p, also following an uninspiring annual profits performance and **Amber Day** declined 3½ to 49p after comment on the mid-term results. Profit-taking in A. G. tSanley continued and the close was a further 4 lower at 188p, while **Status Discount** ended 5 off at 212p, after 210p.



Electricals again put on a resilient performance. Dull at first, the leaders picked up to close a little firmer on balance, **GEC** ending 3 dearer at 324p, after 319p. Elsewhere, falls of 5 and 7 respectively were recorded in **Farnell**, 400p, and **Ferranti**, 320p, but **Racal** finished 2 up at 346p, after 340p; the announcement of Racal's proposed purchase of non-quoted Microwave and Electronic Systems came after the market's close. Scattered profit-taking left **Sound Diffusion** 2 easier at 80p and **Unitech** 3 off at 181p.

The Engineering leaders rarely moved far from overnight closing levels. **Hawker Siddeley** hardened 2 to 222p helped by the £1.1m Brazilian investment. **John Brown** closed a few pence dearer at 384p, but **GKN** shaded a penny to 252p. Movements in secondary issues were also fairly sparse. **Moss Engineering**, however, provided a good feature at 83p, up 11, on news of the share exchange offer from GEI International worth 76½p per share, with GEI a penny easier at 85p. By way of contrast, **Stone-Platt** fell away to 103p on the forecast of lower profits before settling at 105p for a loss of 5 on the day, while the disappointing interim statement left **Wellman Engineering** a penny cheaper at 45½p, after 44p. **Startrite**, a particularly good market of late, reacted 5 to 155p, while falls of 4 were marked against **Burgess Products**, 58p, and **Mollins**, 136p.

Foods encountered a low level of business and most hovered around te overnight level. **Tate and Lyle** eased 2 to 184p in front of the annual results due next on Wednesday. **Morgan Edwards** rose by the same amount to 88p on further reflection of the Gulliver Foods/Avonmile deal announced on Tuesday.

The preliminary results from **Grand Metropolitan** well exceeded market expectations and the shares firmed 3½ to 115½p. **Trust Houses Forte** final statement due on February 1 rose 4 to 262p in sympathy. News in the offer document for City Hotels that **Comfort** intends to increase its dividend payment by 30 per cent if controls lifted left the latter a penny up at 29p and took City up 4 to 193p.

Finlas up again

Miscellaneous Industrial leaders regained *some composure* after the previous day's weakness but the tendency was to slightly lower levels because of the continuing troubles on the labour front. **Beecham** ended 4 off at 626p, after 624p, while **Glaxo** rallied from 485p to close unchanged on the day at 490p. Elsewhere, **Finlas** were again outstanding, rising 15 more for a two-day jump of 28 to 118p in continuing response to the excellent preliminary results. **BET** edged forward a penny to 112p following the higher interim profits, while **Initial Services** revived with an improvement of 2 to 97p, after 98p. **ICL**, however, gave up 6 to 427p and **Vinten**, 154p, and **R. Kelvin Watson**, 110p, cheapened 5 apiece. In front of today's annual results, e**Gstetner A** softened 3 to 148p and **Denbyware** eased a penny to 107p despite an increase in first-half profits. **Hanson Trust** closed a penny easier at 145p; *the price* shown in recent issues was incorrect.

Continued speculative demand left **Samuelson Film Service** 14 better at a new peak of 158p. Elsewhere in Leisure, **Anglia TV** eased 3 to 87p on further consideration of the results.

A feeble business in Motors saw *Distributors generally lower* as dealers tried to attract buyers. **Heron** eased 3 to 120p, while **Perry** shed 4 to 116p. **T. Cowie** cheapened a fraction to 49p on the annual statement. **Henlys** provided a rare firm spot with a rise of a penny to 136½p on the chairman's optimistic statement with the full results.

Newspapers leaders displayed modest falls after a quiet trade. **Daily Mail A**, 363p, and **News International**, 285p, both gave up 5, while **Associated** eased 3 to 183p. Denials of a takeover approached clipped 5 from **Associated Book Publishers** at 283p. *Elsewhere,* improved annual results left **Associated Paper** 2½ to the good at 58p.

Marked up 4½ the previous evening on news of the bid approach from Eagle Star, **English Property** softened a penny to 43p awaiting further news of the discussions which may *lead* to a fresh offer being made for English to rival the 37p per share bid currently on the table from Wereldhave; **Eagle Star** reacted 5 for a two-day fall of 8 to 127p. Elsewhere in irregular Properties, **Stock Conversion** added 4 to 302p, after 304p, on further consideration of the impressive half-year figures.

Oils quiet

The oil leaders traded quietly around slightly lower opening levels. **British Petroleum** ended the day with a fall of 4 at 900p and **Shell** a few pence easier at 560p. Secondary issues *fared* little better than the leaders in the way of activity and occasional offerings left **Siebens (UK)** 4 cheaper at 234p.

In Overseas Traders, **S. and W. Berisford** touched 163p before ending a penny up on balance at 161p following the 33 per cent rise in taxable profits and the proposed scrip issue.

Trusts took on a distinctly easier appearance, but losses were limited to a few pence with falls of around 3 marked against **Glenmurray**, 72p, **Colonial Securities Deferred**, 235p, and **Crescent Japan**, 185p.

Apart from **Common Bros.** 192p, down 4, and **Manchester Liners**, lower at 220p, Shippings were rarely altered.

Interest in Textiles was confined mainly to speculative issues. **David Dixon** firmed afresh, adding 7 at 133p, while **John Foster** put on 1½ to record a two-day gain of 5½ at 57p. *Firm* immediately before the announcement, **Mackinnon of Scotland** eased 2 to 53½p on the reduced preliminary figures.

Late rally in Golds

A late rally in the bullion price, finally $2.75 higher on balance at $231.75 per ounce for a three-day gain of $14.75, prompted a flurry of buying of Golds in the late trade after they had drifted in idle trading *for most of the day.*

Most of the buying interest came from the U.S. following reports that the West German Bundesbank cannot intervene unrestrictedly in foreign exchange markets to support the dollar.

Nevertheless, some London buying of shares was reported as the bullion price moved through the $230 level. The Gold Mines index advanced 3.4 more to 150.1, while the ex-premium index rose 2.7 to 103.3.

Among the heavyweights, initial losses of ¼ were replaced by gains of up to ⅜ as in **Randfontein**, £30⅞, while rises of ⅛ were common to **Hartebeest**, £12⅝, **Free State Geduld**, £14⅛ and **Western Holdings**, £17⅞.

Vaal Reefs were finally ⅛ higher at £14¼, after £13⅞, in front of the increased December net profits and better-than-expected final dividend which were not known during market hours.

In the cheaper-priced issues **South African Land** put on 2 to 71p in front of the company's return to the dividend list. **Grootvlei**, 95½p, **Elsburg**, 84p, **Leslie**, 60p, and **Loraine**, 72½p, were all around 3 to 5 better.

The gains in Golds failed to extend to South African Financials where **De Beers** dropped 7 to 402p and **UC Investments** 6 to 226p.

Australians were firmer in line with overnight domestic markets and despite the lower investment premium.

Pancontinental climbed 87 to 837p as a recent persistent seller withdrew from the market. "Down-under" Press comment prompted a good demand for **Western Mining** which rose 4 to 159p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978-79 high	1978-79 low
BP	£1	9	900	−4	954	720
Shell Transport	25p	9	900	−2	612	484
Barclays Bank	£1	8	386	−2	398	296
Distillers	50p	8	207	+3	215	163
Glaxo	50p	8	490		648	490
Grand Met.	50p	8	115½	+3½	121	87
ICI	£1	8	357	−1	421	328
Meyer (Mont. L.)	25p	7	86		99	73
Allied Breweries	25p	6	83	−1	94	78
BAT Inds.	25p	6	282	−1	346	260
Beecham	25p	6	626	−4	728	581
Berisf'd (S. & W.)	25p	6	161	+1	170	96
Coats Patons	25p	6	70	+½	84	63
GEC	25p	6	324	+3	349	233
Lloyds Bank	£1	6	296	−2	306	242

FINANCIAL TIMES STOCK INDICES

	Jan. 18	Jan. 17	Jan. 16	Jan. 15	Jan. 12	Jan. 11	A year ago
Government Secs.	67.62	67.51	67.92	67.87	68.09	68.00	77.36
Fixed Interest	70.02	69.96	70.09	70.07	70.33	70.31	80.97
Industrial	474.5	474.0	481.5	482.8	474.7	477.5	486.0
Gold Mines	150.1	146.7	142.4	140.1	136.7	137.2	147.3
Gold Mines(Ex-$ pm)	103.3	100.6	97.6	95.5	95.2	96.5	111.7
Ord. Div. Yield	6.12	6.12	6.02	5.99	6.08	6.06	5.56
Earnings Y'ld % (full)	16.05	16.05	15.80	15.73	15.96	15.90	16.89
P/E Ratio (net) (*)	8.09	8.09	8.22	8.26	8.14	8.17	8.39
Dealings marked	3,955	4,403	4,600	4,718	4,413	4,151	5,031
Equity turnover £m.	—	67.17	70.99	50.35	73.17	137.30	95.56
Equity bargains total	—	11,344	13,700	13,843	13,338	12,831	15,085

10 am 483.1. 11 am 482.1. Noon 480.9. 1 pm 480.4.
2 pm 480.3. 3 pm 480.5.
Latest Index 01-246 8026.
*Nil = 7.98.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978/9 High	1978/9 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.58 (3/1/78)	67.51 (17/1/79)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	69.30 (13/11/78)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9/78)	433.4 (2/3/78)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.8 (14/8/78)	134.1 (30/11/78)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	132.3 (14/8/78)	90.3 (18/4/78)	337.1 (3/4/74)	54.3 (26/6/75)

S.E. ACTIVITY

	Jan. 18	Jan. 17
—Daily		
Gilt Edged	139.7	133.9
Industrials	135.0	151.8
Speculative	31.4	43.6
Totals	90.0	100.2
5-d'y Av'r'ge		
Gilt Edged	154.8	161.9
Industrials	149.4	151.1
Speculative	37.4	38.1
Totals	100.6	101.4

NEW HIGHS AND LOWS FOR 1978/9

The following securities quoted by the Share Information service yesterday attained new Highs and Lows for 1978-79.

NEW HIGHS (26)

BANKS (1)
Hill Samuel Wts.

BEERS (1)
Boddingtons

BUILDINGS (4)
Carr (J.) Lovell (Y. J.)
Francis (G. R.) Vectis Stone

CHEMICALS (3)
Catalin Plysu
Halstead (J.)

ENGINEERING (2)
Castings Victor Products
Moss Eng.

FOODS (2)
F.M.C. Morgan Edwards

HOTELS (1)
City Hotels

INDUSTRIALS (5)
AGB Research Initial Services
Brammer (H.) P.M.A.
Finlas

LEISURE (1)
Samuelson

MOTORS (1)
Henlys

PAPER (1)
Chapman (Balham)

PROPERTY (2)
Aquis Secs. Stock Conversion

TEXTILES (2)
Dixon (D.) Foster (John)

MINES (1)
Mount Lyell

NEW LOWS (15)

BRITISH FUNDS (1)
Exchqr. 8¼pc 1981

FOREIGN BONDS (2)
Ireland 7½pc '81-83 Ireland 9¾pc '91-96

BUILDINGS (2)
Aberdeen Constrctn. Costain Defd.

STORES (1)
Smith (W. H.) A

ELECTRICALS (1)
Decca A

ENGINEERING (2)
Ductile Steels Lee (A.)
Martin Machinery Serck

INSURANCE (2)
Eagle Star Hogg Robinson

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	55	6	16
Corpns., Dom. and Foreign Bonds	7	—	55
Industrials	174	364	896
Financial and Prop.	50	188	275
Oils	2	11	26
Plantation	3	6	23
Mines	55	27	61
Recent Issues	3	3	25
Totals	360	604	1,467

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan. 9	Jan. 22	Apr. 5	Apr. 18
Jan. 23	Feb. 5	Apr. 19	May 1
Feb. 6	Feb. 19	May 3	May 15

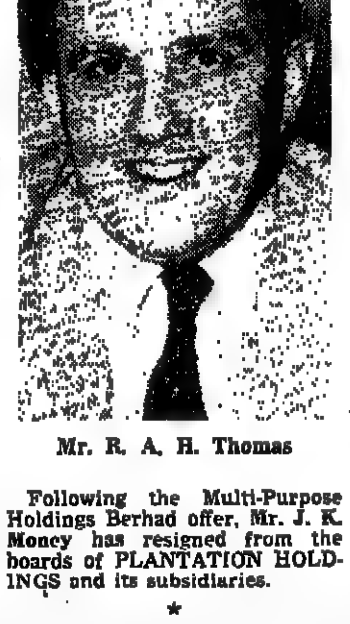
For rate indications see end of Share Information Service

Stocks to attract money for the call included Burmah, Spillers, John Brown, UDT, NatWest Warrants, BP, William Press, English Property, Whitbread A, Capital and Counties and Associated Fisheries. No puts were reported, but a double was arranged in UDT.

APPOINTMENTS

Delta Metal main Board posts

Mr. G. J. H. Rainey, previously the group's financial controller, has been appointed to the Board of the DELTA METAL COMPANY as financial director. Mr. R. A. H. Thomas, who remains chairman of Delta's components division, has also joined the main board. Mr. Rainey began with Delta in 1967 and was financial director and later assistant managing director of cables division before becoming the group's financial controller in 1977. Mr. Thomas has been with Delta since 1965 and has held a number of senior positions in the components division, including that of managing director of one of its largest subsidiaries, Mansill Booth and Co. He became managing director and subponents division in 1977.



Mr. R. A. H. Thomas

*

ALLIED INSULATORS states that Mr. M. J. Prowse's office as a director has been vacated.

*

Mr. Peter J. Molony will be joining ROLLS-ROYCE LIMITED as finance director from February 19. Mr. Molony was formerly finance director at Scottish and Newcastle Breweries.

*

Mr. Clive Mayhead, chairman and managing director, Gordian Strapping, has been appointed president of the BRITISH TENSIONAL STRAPPING ASSOCIATION, for the next two years. He succeeds Mr. Vivian Radcliffe, *who will continue as Signode's* representative on BTSA. New vice president is Mr. Peter Springall, director, P. P. Payne's strapping division, which belongs to the Norcros group.

*

Mr. J. M. Payne has been appointed chairman of BLAND PAYNE REINSURANCE BROKERS following the retirement of Mr. B. J. Brennan, who remains a director.

*

Mr. Hugo Southern, a partner in Frere Cholmeley and Co., has been appointed a non-executive director of G. H. DOWNING AND AND CO.

*

Mr. Charles Gray, financial controller, has been appointed to the board of AYRSHIRE METAL PRODUCTS and its subsidiary, Metal Trim.

*

Mr. Jeremy Mercer has re-joined THOMAS MERCER and has become deputy managing director. Mr. Derek Bryan has been appointed to the board replacing Mr. M. A. Hutton. Mr. Brian Strand, company secretary, has joined the board as financial director.

*

Mr. Georg Radbruch has been made managing director of TEERSCHOTTER GMBH, a West German asphalt manufacturing member of the Tarmac group. His appointment completes the transition from expatriate UK management to management by German nationals.

*

Following the Multi-Purpose Holdings Berhad offer, Mr. J. K. Money has resigned from the boards of PLANTATION HOLDINGS and its subsidiaries.

*

The FIDELITY BANK has made the following appointments at its international group and London office. Mr. H. Clifford Rudisill joins Fidelity as an assistant vice-president. He is *an international lending officer in the corporate banking department.* Mr. J. Michael Lindsey becomes assistant vice-president. He is manager of the international credit division. Mr. James T. Rager has been made senior international officer and Mr. Amar Hameed credit officer.

*

Mr. Roy Gibbons will cease to be executive director of ELECTROCOMPONENTS on June 30 and he will then become a consultant to the company and be a non-executive director.

*

Mr. Hywel Harcombe has been appointed managing director of BECKMAN INSTRUMENTS. He was previously general manager at Glenrothes.

*

Mr. W. M. Deeprose has joined WOODS OF COLCHESTER as technical director from the Department of Industry's National Engineering Laboratory, Glasgow, where he was a principal scientific officer.

*

Two executive appointments have been made at CABLE AND WIRELESS UK SERVICES following a *reorganisation of the* company. The new general manager is Mr. Richard D. Killick, formerly head of Cable and Wireless Computer Systems, and the new marketing manager is Mr. Arthur Veitch, formerly product planning manager with Cable and Wireless Communication System and Services.

*

Mr. James F. Hayes, Jr., has joined the London office of RUSSELL REYNOLDS ASSOCIATES, INC., an executive recruitment company, as a vice president in the Middle East Department. He was *formerly* a vice president of Texas Commerce Bank, NA, and the bank's representative in the Middle East.

*

Cement - Roadstone Holdings has appointed Mr. D. Godson as president of OLDCASTLE INC., the CRH holding company in the U.S. which owns the share capital of Amcor Inc., the building materials company acquired by CRH last year. Amcor operates in Utah, Idaho, Colorado and other states in the mid-west. Mr. Godson, who is also a director of Roadstone, will be based in the U.S. *Mr. John C. Drumm* succeeds Mr. Godson as general manager-development of CRH. Mr. Drumm will remain on the Board of Irish Cement.

*

Mr. Eric Hollis, deputy managing director of Securicor Group and Security Services, has been appointed chairman of MINT SECURITY, following its acquisition by Security Services from the Birmingham Mint. Mr. G. Woodberry has been appointed executive director, and appointed to the Board are Mr. P. A. C. Smith, Mr. R. S. W. H. Wiggs, Mr. P. F. H. Towle and Mr. R. C. Wheeler. Mr. C. H. Perry, Mr. P. A. Tranter and Mr. F. P. McTighe have resigned.

*

Mr. T. Bailey has been appointed managing director of LAKE AND ELLIOTT, founders and engineers, and Mr. Peter Edwards joint deputy chairman.

*

Mr. J. Kneel has been appointed chairman of JOHNSON GROUP WORKWEAR AND TOWEL HIRE SERVICES, a subsidiary of Johnson Group Cleaners.

*

Mr. Dennis P. Johnson has joined the Board of CORAL LEISURE GROUP. He is managing director of Coral's subsidiary, Centre Hotels (Cranston).

*

Mr. Milos Soudek has been named manager of refinery processing at world headquarters of the PULLMAN KELLOGG division of Pullman Inc. in Houston. He replaces Mr. James R. Murphy, who recently was named manager of process technology for Pullman Kellogg in Houston. Mr. Soudek had been manager of refinery process engineering at Pullman Kellogg at Wembley, Middx.

*

Mr. H. A. Meakins is to become managing director of the TORRINGTON COMPANY from March 5 on the retirement of Mr. W. P. Long, who will remain as a consultant.

*

Mr. D. J. Varley has joined the board of NORFACTORS as sales and marketing director.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	900	6	9	48	2	66	—	902p
BP	950	½	—	21	5	40	—	"
Com Union	140	6	1	12	1	16	—	147p
Cons Gold	160	25	1	30	—	34	—	184p
Cons Gold	180	5	60	14	15	20	6	"
Cons Gold	200	½	—	5	37	10	—	"
Courtaulds	100	16½	6	18½	—	—	—	116p
Courtaulds	110	6½	10	12½	—	14½	—	"
GEC	300	24½	10	38	—	50	6	324p
GEC	350	½	8	17½	21	28	—	"
Grand Met.	100	16	1	19	8	21	1	115p
Grand Met.	110	5¼	65	8	10	14	3	"
Grand Met.	120	1	180	4½	15	8½	20	"
ICI	330	24½	—	36	—	45	—	358p
ICI	360	3	5	18½	5	28	—	"
Land Secs	220	31	—	35	2	—	—	250p
Land Secs	240	11	—	23	—	25	6	"
Land Secs	260	1	20	10½	5	15	—	"
Marks & Sp	80	5	—	9	—	11	—	85p
Totals			278		118		49	
		February		May		August		
EMI	140	8	10	16	—	24	—	148p
RTZ	240	21	10	29	—	38	3	257p
RTZ	260	9	10	15	—	22	6	"
Totals			30		—		9	

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price p:	+ or −	Div. Amount	Times Covered	Gross Yield	P.E. Ratio
A$0.50	F.P.	—	82	51	Ashton Mining 50c	79	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
A$125	F.P.	—	105	97	Haoul. Farming A$1	105	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
—	F.P.	—	30	27	Gosforth Ind. 10p	27	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
156	F.P.	[illegible]	167	170	Harris Queensway 20p	162	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
—	F.P.	—	132	126	Hunting Assoc. Defd.	126	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
—	F.P.	—	99	89	IAS Cargo Airlines 5p	99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39	F.P.	[illegible]	48	39	Kitchen Queen 10p	48	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
—	F.P.	[illegible]	34	31	M.Y. Dart Defd.	31	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
110	F.P.	[illegible]	135	115	Mill'tts L's rShop 20p	134	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price £	+ or −
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Assoc. Dairies 9¾% Pref.	107p	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	East Surrey Valley Water 8% Red. Prf 1983	101	[illegible]
100p	F.P.	[illegible]	[illegible]	[illegible]	Findlay 8% Cnv. Cum. Red. Prf.	99p	[illegible]
100p	F.P.	[illegible]	[illegible]	[illegible]	Hawley-Leisure 12% Cnv. Uns. Ln. '88-93	123	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	IIAS Cargo Airlines 6% Cnv. Pref. £1	119p	[illegible]
£1	F.P.	[illegible]	[illegible]	[illegible]	Newman Inds. 10½% Acc. Pref.	97p	[illegible]
[illegible]	£10	[illegible]	[illegible]	[illegible]	Mid Kent Water 8% Pref. 1985	[illegible]	[illegible]
100p	F.P.	[illegible]	[illegible]	[illegible]	Rivington Reed 8½% Cnv. Cum. Red. Pref.	106	[illegible]
97½p	F.P.	[illegible]	[illegible]	[illegible]	Seascope 10¼% Pref.	97½p	[illegible]

"RIGHTS" OFFERS

Issue Price p:	Amount Paid up	Latest Renunc. Date	1978/9 High	1978/9 Low	Stock	Closing Price p:	+ or −
60	F.P.	19/1	74	67	Associated Biscuit	73	[illegible]
17	F.P.	15/12	20½	19½	Boulton (Wm.)	20½	[illegible]
45	F.P.	8/12	52	47	Foster John	52	[illegible]
210	F.P.	15/12	248	242	Lep Group	242	[illegible]
280	F.P.	3/1	320	298	Metal Box	314	[illegible]
55	F.P.	15/12	71	66	Milbury	70	[illegible]
105	Nil	—	20pm	19pm	Nth Eng. Brewerles	19pm	[illegible]
20c	Nil	—	30pm	24pm	Poseidon	24pm	[illegible]
10	Nil	22/1	7½pm	6½pm	Sutter Electrical Defd.	6½pm	[illegible]
28	F.P.	10/1	38	34	York Fine Woollen	38	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. a Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. * Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. || Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Thurs., Jan. 18, 1979	Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Wed. Jan. 17 Index No.	Tues. Jan. 16 Index No.	Mon. Jan. 15 Index No.	Fri. Jan. 12 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	233.28	−0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (28)	206.20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (28)	357.01	−0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (15)	542.78	+0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contractors (13)	368.32	−0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (72)	182.04	−0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (16)	162.23	−0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	CONSUMER GOODS (DURABLE) (53)	209.42	−0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12	Lt. Electronics, Radio, TV (16)	265.34	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13	Household Goods (12)	167.00	−0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14	Motors and Distributors (25)	120.56	−0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	CONSUMER GOODS (NON-DURABLE) (170)	209.29	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Breweries (14)	228.64	−0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23	Wines and Spirits (6)	293.26	+1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24	Entertainment, Catering (17)	273.14	+1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (19)	199.57	−0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (15)	210.78	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (12)	386.57	−0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (15)	135.01	−0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (40)	182.57	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (25)	179.89	+0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	236.61	−0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37	Toys and Games (6)	90.95	+0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (99)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (19)	275.50	−0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Pharmaceutical Products (7)	243.35	−0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (6)	140.26	−0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (57)	212.82	+0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (494)	219.05	−0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (6)	503.10	−0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	242.70	−0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (115)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	288.98	−2.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	166.26	+1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	[illegible]	−1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	[illegible]	−0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	[illegible]	−3.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (43)	274.78	−0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (111)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	223.99	−0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Thurs., Jan. 18	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	102.72	+0.04	—	[illegible]
2	5-15 years	109.14	+0.10	—	[illegible]
3	Over 15 years	113.26	+0.17	—	[illegible]
4	Irredeemables	120.90	+0.13	—	[illegible]
5	All stocks	108.02	+0.11	—	[illegible]

FIXED INTEREST YIELDS

	Br. Govt. Av. Gross Red.	Thurs. Jan. 18	Wed. Jan. 17	Year ago (approx.)
1	Low Coupons 5 years	[illegible]	[illegible]	[illegible]
2	Low Coupons 15 years	[illegible]	[illegible]	[illegible]
3	Low Coupons 25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons 5 years	[illegible]	[illegible]	[illegible]
5	Medium Coupons 15 years	[illegible]	[illegible]	[illegible]
6	Medium Coupons 25 years	[illegible]	[illegible]	[illegible]
7	High Coupons 5 years	[illegible]	[illegible]	[illegible]
8	High Coupons 15 years	[illegible]	[illegible]	[illegible]
9	High Coupons 25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables	[illegible]	[illegible]	[illegible]

		Thurs., Jan. 18 Index No.	Yield	Wed. Jan. 17	Tues. Jan. 16	Mon. Jan. 15	Fri. Jan. 12	Thurs. Jan. 11	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	54.56	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	50.98	13.77	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	72.07	12.96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Abbey Gilt Inc. Tst.	96.4	102.9	+0.6	3.49
Abbey Capital	34.5	36.7	-0.2	4.49
Abbey Income	41.3	45.9	-0.1	6.38
Abbey Inv. Tst. Fd.	36.0	38.9	-0.2	4.74
Abbey Gen. Tst.	46.0	48.9	-0.3	4.58
Equitas Prog. Tst.	67.6	71.3	-0.3	4.72

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459.

Framlington Unit Mgt. Ltd. (a)
5-7 Ireland Yard, EC4B 5DH. 01-248 6971

American	49.8	52.8	.....	1.06
Capital Tst.	137.2	145.8	.....	3.92
Income Tst.	110.2	117.2	.....	7.53
Int. Growth Fd.	118.8	126.2	.....	2.08
Do. Accum.	123.4	131.2	.....	2.08

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	45.1	48.2	.....	4.52
Do. Accum.	59.5	63.0	.....	4.52

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4. 01-623 1050

Minster Jan. 15	37.8	39.8	.....	5.82
Exempt Dec. 29	99.5	103.5	.....	5.41

MLA Unit Trust Mngmnt. Ltd.
Old Queen Street, SW1A 9JG. 01-930 7333

MLA Units	47.7	50.2	.....	3.78

Murray Johnstone U.T. Mgmt.♥ (a)
163, Hope Street, Glasgow, G2 2UH. 041-221 5521

MJ European	83.4	88.8	+0.8	3.52

Dealing Day Friday.

Mutual Unit Trust Managers♥ (a)(g)

Quilter Management Co. Ltd.♥
The Stk. Exchange, EC2N 1HP. 01-600 4177

Quadrant Gen. Fd.	106.8	111.3	.....	4.40
Quadrant Income	131.0	135.1	.....	8.57

Reliance Unit Mgrs. Ltd.♥
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

Opportunity Fd.	69.5	74.3	.....	6.09
Sekforde T. (Acc.)	46.1	49.3	-0.2	5.47
Sekforde T. Inc.	44.0	47.1	-0.2	5.47

Ridgefield Management Ltd.

Schlesinger Trust Mngrs. Ltd. (a) (z)
140, South Street, Dorking.

Am. Exempt	23.0
Am. Growth	28.6
Am. Smaller Cos.	28.8
Exempt High Yld.	27.0
Exempt Mkt. Ldrs.	26.3
Extra Inc. Tst.	30.5
Income Dist.	41.1
Inc. 10% Wdrwl.	30.6
Inv. Tst. Units	25.6
Intl. Growth	49.3
Market Leaders	29.7
"Nil Yield"	28.4
Pref. & Gilt Trust	23.2

...

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	67.4	70.9	-0.4	4.37

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	24.1	25.9	.....	2.05
Accum. Units	28.6	30.7	.....	2.05
J. Finlay Income	36.5	39.2	.....	6.46
J. Finlay Euro. Fin.	27.7	29.8	.....	3.25
Accum. Units	32.8	35.2	.....	3.25
J. Finlay Fd. In. Tst.	28.4	30.5	.....	4.04
Accum. Units	33.0	35.5	.....	4.04

Prices on Jan. 17. Next dealing Jan. 24.

Growth			.....	3.33
Do. Accum.	40.3	44.4	.....	3.89
Capital	26.7	28.7	.....	3.89
Do. Accum.	29.5	31.7	.....	6.69
Income	53.1	57.1	.....	6.69
Do. Accum.	61.9	66.6	.....	2.46
International	45.0	48.7	.....	2.46
Do. Accum.	48.5	52.3	.....	8.52
High Yield	63.7	68.5	.....	8.52
Do. Accum.	69.4	74.7	.....	5.56
Equity Exempt*	107.4	113.3	.....	5.56
Do. Accum.*	107.4	113.3	.....	0.84
Japan & Pacific	50.7	54.0	.....	0.84
Do. Accum.	50.7	54.0	.....	

*Prices at Jan. 12. Next dealing Jan. 19.

CORAL INDEX: Close 473-478

INSURANCE BASE RATES

†Property Growth	12%
†Vanbrugh Guaranteed	11.25%

†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4. 01-248 9111

Crown Life Assurance Co. Ltd.♥

Lloyds Life Assurance

Royal Insurance Group
New Hall Place, Liverpool.

...

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Arbuthnot Securities (C.I.) Limited

Australian Selection Fund NV

Bank of America International S.A.

Banque Bruxelles Lambert

Barclays Unicorn Int. (Ch. Is.) Ltd.

Barclays Unicorn Int. (I.o.Man)

Keyser Ullmann Ltd.

King & Shaxson Mgrs.

Kleinwort Benson Limited

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

Management International Ltd.

M & G Group

Samuel Montagu Ldn. Agents

Murray, Johnstone (Inv. Adviser)

...

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$291.89	.....	2.60
Jardine J'pn. Fd.*	HK$414.75	.....	0.80
Jardine S.E.A.	$US16.66	.....	2.10
Jardine Flem. Int.	HK$11.92	.....	—
Intl. Pac. Secs. (Inc.)	HK$13.36	.....	—
Do. (Accum.)	HK$13.54	.....	—

NAV Dec. 29. *Equivalent $US86.44.
Next sub. day January 15.

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. C1 0534 73741

CMF Ltd. Dec. 28	$US14.25	14.61	.....	—
CMT Ltd. Dec. 28	£14.25	14.62	.....	—
Metals Tst. Dec. 21	£13.17	13.49	.....	0.67
TMT Jan. 11	US$10.66	10.94	.....	—
T.M.T. Ltd. Dec. 14	£10.57	10.84	.....	—

World Wide Growth Management⊕
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$US15.96	-0.03	—

NOTES

Prices do not include $ premium, except where indicated ⊕, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ⊕. ¶ Guernsey gross. # Suspended. ⊕ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

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[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

1978-79 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	22	......	—	—
41	33	Do. 5pc Pref.	40	......	—	—
98	98	Chilean Mixed	98	......	—	£3.10
22	6	Chinese 4½pc 1898	19	......	—	—
35	4½	Do. 5pc 1912	35	......	—	—
20½	4½	Do. 5pc 1925 Boxer	18	......	—	—
415	350	German Yng. 4½pc.	415	......	4½	—

BONDS & RAILS—Cont.

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 45⅝% (based on US$2.0100 per £) Conversion factor 0.6883 (0.6859)

CANADIANS

[illegible]

S.E. List Premium 45⅝% (based on $2.3903 per £)

BANKS AND HIRE PURCHASE

1978-79 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's	P/E
[illegible]								
8¾	1¼	First Nat. 10p	7¼	......	—	—	—	—
3	½	Do. Wrts. 75-83	2¼	......	—	—	—	—
14½	9½	Fraser Ans. 10p	14¼	......	—	—	—	—
199	157	Gerrard Natnl.	185	−5	g9.12	—	7.4	—
59	37	Gibbs (A.)	48	+1	2.23	—	6.9	—
255	195	Gillett Bros. £1.	218	−2	15.41	—	10.6	—
29	19	Goode D't Mry.5p	20	......	0.13	—	0.9	—
142	96	Grindlays	131	......	2.79	7.1	3.2	4.7
130	93	Guinness Peat	120	......	h5.15	—	6.4	—
217	155	Hambros	180	......	†9.76	—	8.1	—
100	81	Hill Samuel	83	−1	†4.97	—	9.0	—
600	80	Do. Warrants	80	−5	—	—	—	—
360	203	Hong Shng.$2.50	286	−1	h059c	—	2.4	—
69	52	Jessel Toynbee	62	−2	g3.65	—	8.8	—
215	150	Joseph (Leo) £1	155	+5	8.74	—	8.4	—

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

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[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

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[illegible]

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[illegible]

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[illegible]

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: Bracken House, 10, Cannon Street, London EC4P 4BY

Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London.

Telephone: 01-248 8000.

Frankfurt Office: Frankenallee 68-72, 6000 Frankfurt-am-Main 1.

Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1

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[illegible]
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CENTRAL AFRICAN
[illegible]

MINES—Continued
AUSTRALIAN

1978-79 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
15	9	Acmex 25c	13	......	—	—	—
156	64	Bougainville 50 Toea	152	......	†Q8c	1.4	3.3
131	63	BH South 50c	126	......	—	—	—
820	150	Central Pacific	425	–25	—	—	—
336	148	Conzinc Riotinto 50c	305	+1	‡Q10c	2.2	‡
32	19	Cultus Pacific N.L.	29	–1	—	—	—
27	9½	Endeavour 20c	19	–1	—	—	—
75	45	G.M. Kalgoorlie $1	65	+1	—	—	—
68	18	Haoma Gold N.L.	37	–1	—	—	—
158	81	Hamptn Areas 5p	150xd	......	♦3.55	2.0	3.5
40	10	Metals Ex. 50c	31	......	—	—	—
237	125	M.I.M. Hldgs. 50c	237	......	Q9c	1.7	2.3
22	10	Minefields Expl.	15	......	—	—	—
56	10	Mount Lyell 25c	56	+1	—	—	—
56	12	Newmetal 20c	30	–5	—	—	—
143	79	North B. Hill 50c	126	......	Q8c	1.3	3.9
16½	8½	Nth. Kalgurli	12	......	—	—	—
50	12	Nth. West Mining	29	–1	—	—	—
178	115	Oakbridge $A1	135	–1	Q12c	1.9	9.6
42	10	Oilmin N. L.	22	......	—	—	—
76	30	Pacific Copper	76	......	—	—	—
£15½	725	Pancont'l 25c	837	+87	—	—	—
40	12	Paringa M&Ex. 5p	22	+1½	—	—	—
570	310	Peko-Wallsend 50c	500	+2	Q15c	♦	1.9
300	50	Southern Pacific	175	+5	—	—	—
164	84	Westn. Mining 50c	159	+4	Q3c	0.7	1.2
100	35	Whim Creek 20c	65	......	—	—	—

TINS

1978-79 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	23	......	2.81	1.3	18.2
420	240	Ayer Hitam $M1	400	–5	Q300c	0.5	16.1
60	45	Beralt Tin	51	......	4.0	♦	11.7
305	190	Berjuntai $M1	235	......	†Q110c	1.8	11.1
185	111	Geevor	150	......	H5.57	5.8	5.5
11	8½	Gold & Base 12½p	9½	......	—	—	—
350	220	Gopeng Cons.	310	......	18.0	♦	8.8
320	130	Hongkong	295	......	12.5	♦	6.3
93	64	Idris 10p	65	......	‡12.0	1.6	‡
11	7	Jantar 12½p	9½	......	—	—	—
84	63	Kamunting $M0.50	75	......	†Q12.5c	2.1	3.6
240	133	Killinghall $M1	240	......	—	—	—
470	280	Malay Dredging $M1	400	......	Q175c	0.7	9.4
78	40	ΔPahang	43	......	—	—	—
78	50	Pengkalen 10p	63	......	4.5	♦	11.0
270	165	Petaling $M1	225	......	Q120c	♦	11.5
87	49	Saint Piran	74	–1	†2.03	6.5	4.1
70	47	South Crofty 10p	54	–1	†4.19	2.0	11.6
245	140	South Kinta $M0.50	190	–5	†sQ145c	0.6	16.4
340	230	Sthn Malayan $M1	320	–5	Q190c	1.0	12.8
240	134	Sungei Besi $M1	220	......	mQ65c	5.3	6.4
85	55	Supreme Corp. $M1	70	......	ZQ10c	—	3.1
103	84	Tanjong 15p	100	......	6.60	0.8	9.8
100	74	Tongkah Hrbr. $M1	100	+20	Q35.82*c	0.7	7.7
270	148	Tronoh $M1	230	......	†Q88c	1.6	‡

COPPER

1978-79 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
104	54	Messina R0.50	82	......	—	—	—

MISCELLANEOUS

1978-79 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
68	35	Barymin	65	–1	—	—	—
17	9	Burma Mines 17½p	12	......	—	—	—
300	165	Cons. Murch. 10c	225	–5	—	—	—
465	245	Northgate C$1	395	......	—	—	—
264	164	R.T.Z.	258	......	9.5	2.8	5.5
90	30	Sabina Inds. C$1	42	......	—	—	—
£12	687	Tara Exptn. $1	837	......	—	—	—
210	120	Yukon Cons. C$1	205	–5	Q7c	2.9	1.6

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S currency excluding the investment dollar premium. These prices are available only to non-UK residents.

$15¼	$10¼	Buffels R1	$11⅞	+¼	Q170c	1.8	17.2
$11¾	830c	East Drie R1	940c	+20	†Q78c	1.7	9.6
585c	330c	East Rand Prp. R1	360c	......	—	—	—
$28¾	$16½	F.S. Geduld 50c	$19½	+½	Q315c	♦	18.6
$15⅛	975c	Pres. Brand 50c	£12¼	+⅛	Q150c	♦	14.1
$13⅛	900c	St. Helena R1	$11⅝	+⅛	Q190c	♦	18.9
470c	313c	Stilfontein 50c	440c	+10	†Q22c	2.3	5.8
$19½	$16¼	Vaal Reefs 50c	$19½	+¼	Q115c	3.3	6.8
$37	$25	West Drie R1	$29¾	+¼	Q385c	1.7	14.9
$31¼	$19	West Hldgs. 50c	£24	+¼	Q415c	♦	20.0
$12½	895c	Western Deep R2	$11¼	+¼	Q82.5c	2.4	8.1

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ≠ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......	Sheffield Brick	52	......
Ash Spinning	81	......	Sheff. Refrsmt	70	......
Bertam	14	......	Sindall (Wm.)	120	......
Bdg'wtr. Est. 50p	330	......			
Clover Croft	28	......	**IRISH**		
Craig & Rose £1	615	......			
Dyson (R. A.) A	35	......	Conv. 9% '80/82	£90½	......
Ellis & McHdy	69	......	Alliance Gas	105	......
Evered	27	+2	Arnott	370	–10
Fife Forge	52	......	Carroll (P.J.)	90	–3
Finlay Pkg. 5p	21	......	Clondalkin	96	–2
Graig Ship. £1	140	......	Concrete Prods	138xd	......
Higsons Brew.	70	......	Heiton (Hldgs.)	48	......
Holt (Jos) 25p	252	......	Ins. Corp	165	......
I O M. Stm. £1	232	+2	Irish Ropes	102	......
N'thn. Goldsmith	80	......	Jacob	50	......
Pearce (C. H.)	198	......	T.M.G.	180	–5
Peel Mills	22½	......	Unidare	85	......

OPTIONS
3-month Call Rates

Industrials		I.C.I.	20	Tube Invest.	30
A. Brew	6½	"Imps"	6	Unilever	35
A.P. Cement	18	I.C.L.	28	Utd. Drapery	7½
B.S.R.	9	Inveresk	8	Vickers	15
Babcock	11	KCA	3	Woolworths	5
Barclays Bank	25	Ladbroke	17		
Beecham	35	Legal & Gen.	14	**Property**	
Boots	15	Lex Service	7	Brit. Land	3¼
Bowaters	16	Lloyds Bank	22	Cap. Counties	4½
B.A.T.	24	"Lofs"	4	E.P.	5
British Oxygen	6	London Brick	5	Intreuropean	4
Brown (J.)	20	Lonrho	5	Land Secs.	16
Burton 'A'	12	Lucas Inds	25	MEPC	12
Cadburys	5	Lyons (J.)	10	Peachey	8
Courtaulds	10	"Mams"	7	Samuel Props.	9
Debenhams	8	Mrks. & Spncr	10	Town & City	1¼
Distillers	15	Midland Bank	25		
Dunlop	7	N.E.I.	12	**Oils**	
Eagle Star	11	Nat. West. Bank	22	Brit. Petroleum	45
E.M.I.	14	Do. Warrants	10	Burmah Oil	5
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Gen. Electric	18	Plessey	8	Shell	28
Glaxo	40	R.H.M.	5	Ultramar	20
Grand Met.	9	Rank Org. 'A'	18		
G.U.S. 'A'	20	Reed Intnl.	12	**Mines**	
Guardian	18	Spillers	3		
G.K.N.	22	Tesco	4	Charter Cons	12
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House of Fraser	12	Trust Houses	15	Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Friday January 19 1979

Rail hopes fade as ASLEF calls strike

By Philip Bassett, Labour Staff

PROSPECTS OF an early settlement to the rail dispute worsened significantly yesterday when the train drivers' union ASLEF called a further one-day national strike next week and withdrew from national pay talks until progress is made on its claim for special responsibility payments.

British Rail services were halted yesterday for the second time this week when the union's 26,000 drivers went on strike.

Mr. Ray Buckton, general secretary, said that, because there had been "no progress whatsoever on our justifiable claim," the executive had called a further strike for Tuesday. If no progress has been made on the union's claim by Monday, the executive will consider further action.

The union is claiming across-the-board increases of 10 per cent, or about £6 a week. Under its productivity package, the British Railways Board is prepared to meet the claim, but has attached conditions of manning cuts and changes in work patterns which the union says are unacceptable.

Progress on the claim has been held up because the larger National Union of Railwaymen, whose members include most other manual grades as well as some drivers, has withdrawn from all national productivity negotiations which involve manning reductions. The union claims that up to 20,000 jobs could be lost under the proposals.

Negotiations

The Board attempted to get talks going on the ASLEF claim today by bringing forward the first round of negotiations on the rail unions' annual pay claim, which were due to begin next week.

The NUR and the Transport Salaried Staffs, which represents about 48,000 white collar railway staff, were ready to attend the talks, but Mr. Buckton said yesterday that his union would not agree to begin negotiations on the claim until the Board honoured its agreement to deal with the union's 10 per cent claim in a joint working party on productivity.

Yesterday's decision is unlikely to have any serious effect on the timing of the annual pay settlement, not due until April 23, for the rail unions were expected to put off reaching any agreement until the general level of public sector settlements had emerged.

The ASLEF decision, though, will further strain relations between the unions since the NUR is pressing strongly for the start of talks which might lead, without manning cuts, to some sort of extension of the national productivity scheme, which yields payments of about 2.5 per cent.

Sir Peter Parker, chairman of British Rail, said last night that the prospect of further action was "intolerable." British Rail was losing £5m each day of the strike

Industry slows rate of layoffs

By John Elliott, Industrial Editor

EFFORTS BY manufacturing industry to maintain production in spite of the lorry strike have led the Government to revise the estimates of the number of people laid off.

It agrees that there is no prospect of 1m people being out of work by this weekend.

Rough estimates drawn up by Whitehall suggest that between 125,000 and 150,000 people are laid off.

Examples of companies that have not gone ahead with projected shut-downs include ICI, which employs 90,000 and which admitted yesterday that it "miscalculated" a week ago in predicting that it would be entirely shut down by today.

BL is also introducing layoffs more slowly. Its Longbridge plant, which was to have been shut down on Wednesday night with 8,000 layoffs, is still producing. Electrolux has halved its 2,000 layoff programme.

The Confederation of British Industry broadly agrees with the layoff total but points out that the situation is still serious.

Although no overall forecasts are being made, widespread layoffs are expected next week unless picketing eases. Companies will progressively become squeezed by shortages of raw materials and obstacles to delivery of their goods.

BRITAIN CHALLENGES FRENCH FARM PRICE PLAN

Bigger surpluses feared

BY REGINALD DALE, EUROPEAN EDITOR

THE BRITISH Government is seriously concerned about the possible consequences of French attempts to change pricing arrangements for agricultural trade in the EEC.

The fear in London is that France's demands could lead to big increases in farm surpluses that would steeply raise both the total cost of the Community's Common Agricultural Policy and the UK's contribution to it.

New Whitehall estimates of the likely extra costs involved were behind remarks by Dr. David Owen, the Foreign Secretary, in Brussels earlier this week. In what is seen in London as a first "shot across the bows" of the other EEC Governments, Dr. Owen made it clear that the UK does not consider the current argument over farm prices, to be a bilateral dispute between Paris and Bonn as had appeared.

France has said that agreement must be reached in phasing out the so-called monetary compensatory amounts applied to farm trade (MCAs) before the planned European Monetary System can go ahead. MCAs, in effect levies or subsidies on agricultural imports and exports, are intended to neutralise the impact of changing exchange rates on the Community's common farm prices.

If they were abolished, prices paid to farmers in strong currency countries like West Germany would go down, while farmers in countries like France and Britain would receive much more.

In British eyes, the French demand raises such fundamental questions that it could become the main issue at the next summit meeting of the European Council on March 12.

France does not want the MCAs abolished overnight. But it argues that their progressive rundown would save money from the Community budget.

British calculations have now come up with the opposite conclusion. UK officials suggest that abolition of all existing MCAs would raise the average prices received by EEC producers by about 7 per cent.

This could increase the size of the Community's dairy surplus by, say, 50 per cent and lead to a net 35 per cent rise in the total cost of the CAP. If common prices were allowed to rise to German levels when MCAs were abolished, to prevent German farmers losing income, the cost of the CAP could double, according to these admittedly tentative British estimates.

One of the main points Britain is making is that German farmers cannot be compensated for the abolition or reduction of MCAs through increases in the common prices. If this were allowed to happen, a 5 per cent revaluation of the D-mark, for example, would lead to an increase of something like 15 per cent in the total cost of the farm policy.

For the moment, the UK has no very clear ideas about how the German farmers' losses should be covered—an essential precondition for German agreement to phasing out the MCAs. But Britain will insist that whatever arrangements are made do not lead to new surpluses.

British officials suggest, however, that German farmers could cope with a price cut better than those in other EEC countries. They argue that the low German inflation rate has prevented costs from rising, that the strength of the D-mark has reduced the price of imported fertilisers and that there is scope for considerable productivity increases in German agriculture.

A second point stressed by the UK is that it will not accept a short-term price agreement at the forthcoming annual EEC farm price review if it is accompanied by a longer-term arrangement for running down the MCAs. The implication is that Britain will either go for a long-term price freeze or only a temporary arrangement for MCAs.

Costs of CAP, Page 33

SKF plans to stop making bearings at Irvine plant

BY RAY PERMAN AND HAZEL DUFFY

SKF, the Swedish-owned international bearings manufacturer, plans to stop production of ball and roller bearings at Irvine, Ayrshire, one of the group's two major factories in the UK.

The announcement yesterday means that 600 jobs out of a total 800 at Irvine will probably disappear. It seems unlikely that such a large number of jobs could be absorbed elsewhere in the group. If so, it would be the first time that SKF has made enforced redundancies in this country.

SKF, Britain's second largest bearings manufacturer, has been losing market share in the UK in the face of intense competition in a stagnant market. The company lost £6.5m in 1977 and an estimated £5m in 1978.

It is the largest bearings manufacturer in the world, with production in Sweden, France, Germany, Italy, the U.S., and parts of the developing world.

The group's profitability has been under pressure for three years as industrial production, in Europe in particular, became largely stagnant.

The Japanese onslaught on the volume bearings market has compounded the problem for SKF and other European bearings manufacturers.

The group's problems in bearings manufacture are not confined to the UK. France, and to a lesser extent Sweden, returned losses last year.

It has become increasingly clear that productivity in the UK has been poor, and Irvine has been the worse of the two UK plants in this respect.

Two sites

Mr. Carl-Otto Blomberg, the Swedish managing director of SKF (UK) appointed three years ago to improve performance, said that the company could not support the continuing high level of losses resulting from manufacturing on two separate sites.

SKF's main British plant is at Sundon, near Luton, employing 2,400, and to be re-equipped at a cost of £3.2m in the next two years.

Initially, production at Irvine, including the specialised line of bearings for mining equipment, will be temporarily transferred partly to European plants before being absorbed at Sundon in due course.

Irvine will continue to produce certain components for bearings, employing about 200 people. The rundown there will be a blow to North Ayrshire, which has recently lost 800 steel jobs at Glengarnock and faces 1,000 redundancies at Massey-Ferguson, Kilmarnock.

Shop stewards at Irvine expressed disappointment at yesterday's announcement, but will not make an official response until today.

SKF has steadily reduced its work force at its UK bearing plants in the past few years only recently completing the final closure of its Luton plant.

'Shambles' warning over Iran oil export

By Chris Lorenz in Brussels

THERE COULD be a shambles for the rest of the world if a strong Islamic government in Iran decided not to resume oil exports, the managing director of Royal Dutch Petroleum, Mr. D. de Bruyne, warned in Brussels yesterday.

Even if there was partial resumption of Iran's oil exports, much would depend on the readiness of other OPEC members especially Saudi Arabia—to increase production, he said.

Mr. de Bruyne is also managing director of the Royal Dutch/Shell group, told a conference for bankers organised by Euroflnance.

Out of the average world oil demand in 1979 of 53m barrels a day, Mr. de Bruyne said that, taking all other sources into consideration a total of 13m would have to be supplied by Iran and Saudi Arabia together.

The halt of oil exports from Iran has hit Shell and British Petroleum particularly hard. BP has a 40 per cent share in the consortium of Western oil companies, which produces the bulk of Iranian oil and Shell holds a 14 per cent interest.

Iran was providing a total of 5m-6m barrels a day during 1978, and Saudi Arabia up to 10m barrels by the end of last year. Much now depended on whether the Saudis would be prepared to continue with this level of production, Mr. de Bruyne said.

Now that OPEC had begun to make quarterly price increases, Saudi Arabia might decide to schedule its production on a quarterly basis, and not produce the necessary extra during the peak-demand winter period.

However, he thought the Saudis would allow production to return to 10m barrels a day while there was an Iranian shortfall.

Even so, the world would still need 3m barrels a day from Iran, and Mr. de Bruyne said said he did not know if the Ayatollah Khomeini would allow it.

The world oil industry's stocks were being run down to an alarming extent, he said. At the beginning of this year they had been much lower than at the end of 1977, 71 days of consumption outside North America, compared with 85 days a year before.

"There will be no crisis, and demand will be met," said Mr. de Bruyne, "but it will be very tight and stocks will be dangerously low."

The Royal Dutch/Shell group's capital spending on new oil and gas production development outside North America in the next five years could be around $6.5bn, said Mr. de Bryne.

The big part of this would be concentrated in Western Europe and would be used to develop proven reserves.

However, continued upstream growth depended on new exploration, for which a further $2bn could be spent over the next five years.

The total capital spending on Shell/Esso's existing British North Sea fields was expected to be over $12bn and, with production steadily coming on stream, it looked as though the annual cash flow from this venture should begin to turn positive in 1980, he said.

Shell companies' downstream capital expenditure over the next five years could b ewell over $4.5bn.

Money supply growth picks up after November standstill

BY DAVID FREUD

MONEY SUPPLY growth picked up again last month after a virtual standstill in November, but remained within the official target range for expansion.

Figures published yesterday by the Bank of England show that domestic credit expanded considerably faster than in recent months.

Bank lending increased more rapidly than in any month since the summer, though the rise remained below the high levels of half-a-year ago.

There was a continuation of the trend, temporarily reversed in November, toward forms of credit outside the banking system, presumably due to the impact of the official corset controls on bank lending.

In the mont hto mid-December, sterling M3, the broader measure of money supply including cash, current and seven-day bank deposits, increased by £471m after seasonal adjustment, a rise of 1 per cent.

This was at the top end of City expectations after last week's banking figures.

Sterling M3 appears to be increasing at an underlying annual rate of about 10 per cent, the middle of the 8-12 per cent target range for growth which was rolled forward in October for the coming 12-month period.

In the last three months, the shortest period which can satisfactorily be expressed as an annual rate, M3 has expanded at a rate of 9½ per cent a year.

Unusually high purchases of tax certificates of deposit by the private sector pushed up the underlying rate by about ½ per cent more.

In the 12 months to mid-December M3 rose by 11.8 per cent.

The biggest element in the December increase was notes and coins in public circulation. These increased by £182m in the run-up to Christmas, and contributed heavily to a rise in money stock on the narrower definition, Sterling M1, which includes only cash and current accounts.

The rise in M1 was £391m, after seasonal factors are taken into acount, an increase of 1.6 per cent.

Domestic credit expanded by £832m in the four weeks to mid-December after seasonal factors are taken into account, the biggest increase since May. The cumulative total since April is only £3.4bn, well within the £6bn target for the current financial year confirmed in the last Budget.

Bank lending to the private sector in sterling rose by £390m, compared with £343m in November. The Central Government borrowing requirement was £592m, against £847m in the previous month.

There was a big turn-round in sales of certificates of tax deposit. Net take-up was £334m in December, compared with net surrenders of £251m in November.

Tables Page 6

UK-Mexico oil deals planned

BY HUGH O'SHAUGHNESSY

energy-related industries worth many rundreds of milions of pounds are the subject of talks between Britain and Mexico. This was announced yesterday by Dr. Dickson Mabon, Minister of State for Energy, who has just returned from a visit to the U.S. and Mexico.

Dr. Mabon emphasised the importance of some of the topics likely to be discussed at a meeting to be held in London in March between a delegation from the Organisation of Petroleum Exporting Countries and four non-OPEC oil-producing countries, including Britain.

Among the industrial deals between Britain and Mexico mentioned by Dr. Mabon were:

● Swap arrangements between the British National Oil Corporation and PEMEX, the Mexican State oil concern, involving light North Sea crude and heavy Mexican crude.

● The possibility of British Shipbuilders setting up a joint operation in Mexico with Mexican partners for the construction of oil tankers and modules for oil exploration.

● The purchase of Mexican uranium and the enrichment in Britain of uranium to be used in Mexico.

● The possibility of Mexico purchasing fast nuclear reactor power stations.

● British help for the development of Mexican coalfields.

● participation by British companies allied to Mexican partners in oil exploration and production in Mexico.

● British assistance for the development of major works at four Mexican ports.

Dr. Mabon said he had visited Deep Oil Technology, a subsidiary of the Fluor Corporation in Los Angeles, which was developing a tension leg platform for offshore exploration that could be built in Scottish yards and used in the North Sea. The revolutionary platform could be between one-third and one-quarter cheaper than conventional platforms, with rigid legs. Experiments involving the technique would be carried out in Scottish lochs this year.

Turning to the March meeting between Britain, Canada, Mexico and Norway with a delegation from OPEC including Venezuela, Kuwait, Saudi Arabia and Algeria, the Minister said the talks could centre on closer co-operation on exploration, production and marketing between the State oil corporations of the countries.

No agenda had been agreed for the gathering but Britain had an interest in discussing world oil price levels.

Though many non-OPEC producers are selling at or around OPEC prices, it is not to our advantage for prices to go wild," he said. He saw no prospect of Britain's joining OPEC. "The disadvantages would outweigh the advantages. Anyway, we haven't been asked to join and probably wouldn't qualify."

THE LEX COLUMN

Grand Met wins at home, loses away

The kind of British company that did well in 1978 was one with a good solid home market business in areas close to the consumer, without too much exposure to imports and without too many overseas activities. Grand Metropolitan fits that description pretty closely, and it has romped home with a pre-tax profits gain of 50 per cent to £115.9m—though the advance would have been a less startling 30 per cent or so without the once and for all cosmetic benefit of loan stock conversion, which has conjured away £11.5m of interest charges but has added £6.6m to the net dividend cost.

Grand Met does, of course, have a number of overseas interests, and by and large these have been the weak links in the chain. The German brewing side had a setback, while selling whisky into the U.S. market was not much fun against a weak dollar, and in Canada currency weakness turned a modest local advance into a setback in sterling terms.

By contrast the UK businesses have been responding strongly to a pick-up in real disposable incomes which became especially noticeable by the second half. In the important hotels and catering division, which takes in managed pubs, trading profits growth accelerated from 13 to 36 per cent between the two half-years. The other division to show a big second half advance was betting, where favourable conditions for the bookies helped to push up profits in April-September by 52 per cent. For the rest, the Express Dairy side achieved a solid performance, but brewing and wines and spirits were sluggish (though their results would have looked better without the overseas content).

Grand Met by now has three very prosperous months of its new financial year under its belt but bad weather and threatened (though not yet actual) strike disruption are slowing the pace a little. A bigger threat could be a Price Commission investigation-cum-freeze, notably at Watneys, but the Commission will have to be very mean to upset expectations of comfortably over £130m pre-tax this year. Up 3½p to 115½p, the shares yield 6.3 per cent.

German money

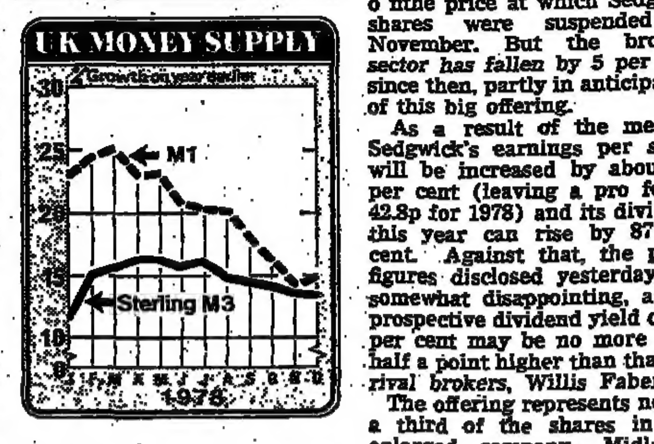
Given the heavy German support for the U.S. dollar in recent months, yesterday's credit tightening measures by the Bundesbank were not altogether surprising. Intervention has played havoc with the German money supply targets —M3 has been rising at an annualised 18.6 per cent over the last three months—and with the economic recovery picking up speed the Germans are obviously conscious of the inflationary implications of not keeping control of the monetary aggregates. For comparison, in the UK sterling M3 was showing annualised growth of 9½ per cent in October-December.

The snag is that the lifting of the Lombard rate to 4 per cent and the increased reserve requirements will tend to push other German interest rates higher and this can only accentuate the foreign exchange markets' unease about the effectiveness of last November's support package for the dollar. It is generally reckoned that around a quarter of the $30bn package has been utilised to date and, after the initial boost, the dollar has fallen back to DM 1.8350. Yesterday, gold closed at $231½ per oz—a gain of $15 over the last three days—and the price of silver reached a new peak on the London Metal Exchange. The foreign exchange markets are now watching nervously to see whether the Mark/dollar rate can be held above the DM 1.80 level.

Insurance merger

Sedgwick Forbes' acquisition of fellow insurance broker Bland Payne from the Midland Bank will, as expected, lead to a very big secondary offering of its shares on the stock market. Midland is hanging on to an investment of 10.5 per cent in the enlarged company, and is selling off shares worth £62.7m mostly by way of rights to its own shareholders.

Index rose 05 to 474.5



offer is being pitched at the equivalent of 380p per share, which is a discount of 7 per cent o nthe price at which Sedgwick shares were suspended in November. But the broking sector has fallen by 5 per cent since then, partly in anticipation of this big offering.

As a result of the merger, Sedgwick's earnings per share will be increased by about 15 per cent (leaving a pro forma 42.8p for 1978) and its dividend this year can rise by 37 per cent. Against that, the profit figures disclosed yesterday are somewhat disappointing, and a prospective dividend yield of 7.8 per cent may be no more than half a point higher than that for rival brokers, Willis Faber.

The offering represents nearly a third of the shares in the enlarged company. Midland's institutional shareholders will doubtless be happy to take up stock, but the others may think twice.

This latest cash-raising exercise will boost Midland's free equity ratio to over 2½ per cent on the basis of the most recent balance-sheet. Having rebuilt its strength here, Midland is in a position to contemplate the debt financed acquisition which everyone seems to be expecting.

Berisford

S. and W. Berisford's margins improved sharply in the second half of the year to September 1978 and the year's pre-tax profits, up 23 per cent at £31.36m, demonstrate the group's ability to increase earnings even when conditions in the commodity markets are not ideal—trading volume and volatility were not up to 1977 levels.

Berisford has a broader spread of activities than, for example, Gill and Duffus, and retained profits have allowed it to enlarge its commodity book. Strong sterling produces no problems as the great bulk of earnings arises in the UK, while if commodity markets were not volatile, currency markets certainly were. The secondary metals subsidiary, Tom Martin, had an excellent year.

At 161p the shares stand on a p/e of 4.8, but this rises to 9.1 fully taxed, and the yield of 4.3 per cent has not yet been helped by the cover rule. The fact that profits are well above expectations should have favourable implications for the current year, if it means that Berisford is so confident that it has not seen the need to spread something forward into 1978-79. Or it could be that the group intends to use its paper, and wants to get the profits into the share price.

Weather

UK TODAY

MOSTLY cloudy and windy with occasional rain or snow.

London, S.E., E. Anglia, Cent. S. England, Midlands, E., S. Wales, S.W. England, Channel Isles

Occasional rain or snow, fresh to strong wind with gales in places. Max. 2C (36F).

N.E. England, S., E. and Cent. Scotland, Highlands, Orkney, Shetland

Occasional rain or snow. Max. 3C (37F).

N. Wales, N.W. England, Lakes, Isle of Man, Argyll, Western Isles, N. Ireland

Occasional rain or snow, some brighter intervals. Max. 4C (39F).

Outlook: Outbreaks of sleet or snow turning to rain in south, windy, frost in places.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amsdm.	C	−2	28	Madrid	R	7	45
Athens	S	11	52	M'chestr	R	2	36
Bahrain	C	21	70	Melbne.	S	22	72
Barclna.	C	9	48	Milan	S	−1	30
Belfast	C	4	39	Mntreal.	S	−14	6
Belgrd.	Sn	−5	23	Moscow	F	−11	12
Berlin	C	−4	25	Munich	F	−10	14
Bmghm.	C	1	34	Nwcstl.	Sl	2	36
Bristol	Sn	1	34	N. York	S	−2	28
Brussels	S	−3	27	Oslo	C	−2	28
B. Aires	S	26	79	Paris	S	−3	27
Cairo	S	21	70	Perth	C	22	72
Cardiff	Sl	1	34	Prague	S	−9	16
Chicago	C	−9	15	Reykjvk.	C	4	39
Cologne	S	−3	27	Rio J'o	C	31	88
Cpnhgn.	C	−1	30	Rome	S	5	41
Dublin	C	4	39	Singapr.	S	27	81
Ednbgh.	R	3	37	Stckhm.	Sn	−3	27
Frankft.	F	−4	25	Strasbg.	C	−4	25
Geneva	C	−3	27	Sydney	C	22	72
Glasgow	R	3	37	Tehran	C	5	40
Helsinki	S	−10	14	Tel Aviv	F	17	63
H. Kong	S	22	71	Tokyo	R	9	48
Jo'burg	C	24	75	Toronto	S	−16	3
Lisbon	Fg	13	55	Vienna	Fg	−9	16
London	Sn	1	30	Warsaw	C	−3	27
Luxmbg.	F	−6	21	Zurich	C	−6	21

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	12	54	Istanbul	R	10	50
Algiers	C	18	64	Jersey	C	−1	30
Biarritz	C	8	46	L. Plms.	F	21	70
Blackpl.	Sl	2	36	Locarno	Sn	−1	30
Bordx.	F	8	46	Majorca	C	13	55
Boulgn.	C	−4	25	Malaga	R	13	55
Cas'b'ca	R	17	63	Nairobi	C	20	68
Cape T.	S	26	79	Naples	F	5	41
Corfu	S	10	50	Nice	R	4	39
Dbrvnk.	S	6	43	Nicosia	F	17	63
Faro	R	18	64	Oporto	C	9	48
Florence	R	4	39	Rhodes	R	13	55
Funchal	F	17	63	Salzrg.	S	−9	16
Gibrltr.	R	15	59	Tangier	R	18	64
G'nsey	C	0	32	Tenerife	S	17	63
Innsbrk.	S	−8	18	Valencia	R	9	48
Invrnss.	R	2	36	Venice	S	0	32

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.